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ABSTRACT

This book uses human interest stories to explain perplexing behavior from an economic perspective throughout U.S. history. The set of 15 lessons include: (1) "Indentured Servitude: Why Sell Yourself into Bondage?"; (2) "Do the Right Thing: Free the Slaves, Avoid the War"; (3) "Why Would You Raise Chickens When You Don't Like Eggs? -or- Why Did Farmers Specialize?"; (4) "Who Should Make the Food Safe?"; (5) "The Buffalo Are Back"; (6) "Why Don't Cowboys Ever Ride into the Sunset?"; (7) "How Can Big Business Make Money from Tariffs?"; (8) "Who Invented Bad Breath and Why?"; (9) "Prohibition Then; MADD Today"; (10) "Why Would White Baseball Club Owners Sign Black Players?"; (11) "Where Did the African-American Middle Class Come From?"; (12) "Gift Giving in America: Why Do You Give the People You Love Things They Hate? -or- Do You Care Enough to Send the Very Best?"; (13) "Why Would Grape Pickers Ask People Not to Buy Grapes?"; (14) "Why Have Americans Climbed So Many Mountains?"; and (15) "What Can Yesterday's Choices Tell Us about Tomorrow?" Each lesson includes core concepts, objectives, materials needed, a lesson description, procedures, and suggested evaluation. (EH)

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United States History

FOCUS on Economics

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United States History

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business, and labor

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We also thank Gary M. Walton, University of California, Davis, and the Foundation for Teaching Economics, for serving as the Economic History Consultant and for providing the original ideas for several lessons in this publication.

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FOREWORD

UNITED STATES HISTORY: FOCUS ON ECONOMICS, a core volume in a new generation of National Council publications, is dedicated to increasing the economic literacy of *all* students. The *Focus* publications, the new centerpiece of **EconomicsAmerica**, build on almost five decades of success in delivering economic education to America's students.

The *Focus* series is both new and innovative, using economics primarily to enhance learning in subjects such as history, geography, civics, and personal finance. Activities are interactive, reflecting the belief that students learn best through active, highly personalized experiences with economics. Applications of economic understanding to real world situations and contexts dominate the lessons. In addition, the lessons explicitly teach the voluntary national standards in economics, outlined in the National Council's *A Framework for Teaching the Basic Economic Concepts*.

Why does a free person willingly choose to become an indentured servant? Why weren't the best baseball players able to play on the best teams? Why would grape pickers ask people not to buy grapes? *United States History: Focus on Economics* uses human interest stories such as these to explain

perplexing behavior. Easily understood economic principles surface repeatedly in different historical contexts to help explain people's behavior throughout history. Students discover how significant events in U. S. social history such as prohibition, the breaking of the color barrier in baseball, and the emergence of the black middle class reflect responses to changes in incentives that people in history faced. Fuller explanations of some topics, only introduced here, are in *United States History: Eyes on the Economy*, also available from the National Council.

Michael Watts, Professor of Economics, Purdue University, and Senior Fellow, National Council on Economic Education, reviewed the manuscript and offered many valuable suggestions. The authors and the publisher are responsible for the final publication.

The National Council thanks the authors, Donald Wentworth and Beth Kraig of Pacific Lutheran University and Mark Schug, University of Wisconsin, Milwaukee, for their lively presentation of economic history. We also thank Joan Sullivan Baranski, publisher, for her creativity in producing the program. We recognize, as well, the financial support of the National Science Foundation.

Robert J. Highsmith
Vice President, Program and Research

INTRODUCTION

IN THE FOLLOWING 15 LESSONS, HISTORICAL EVENTS AND current issues serve as raw material for analysis. Students use certain basic concepts and principles of economic reasoning as analytic tools to analyze social history presented in primary and secondary sources. With the tools they construct answers (hypotheses that combine evidence and rational explanations). The primary purpose of the lessons is to strengthen inquiry and problem-solving skills. All lessons offer significant content and can be used to reinforce an outcome-based history curriculum. After completing the materials, students will be better able to analyze complex human behavior (past and present) and should be well prepared to learn and make use of more sophisticated economic concepts in their examination of historical and social phenomena.

SOCIAL HISTORY AND THE COMPLEXITY OF HUMAN EXPERIENCE

Like the larger field of social history from which topics are drawn, the lesson material combines attention to individual experiences and choices with analysis of group, community, and societal patterns. The themes of work, play, and home are cornerstones, with "daily life" presented as a complicated (but meaningful) combination of resources, opportunities, problems, and choices. Students learn to recognize that the combinations have varied over time and according to the distinctive features of the human participants. They also think about connections and patterns. Most important, the lessons prompt students to think about both particulars and universals in their analyses.

The focus on particulars highlights human diversity. Race, ethnicity, gender, age . . . these and other features of identity are factors that students should consider as they seek an understanding of human experiences. For example, a European emigrant to the American colonies may have been an indentured servant, but an African arrival was almost certainly a lifetime slave. Students explore particular differences of this sort in many lessons.

The focus on universals suggests that the past and present are linked and that history and social stud-

ies are not confusing summaries of mysterious and disconnected individual choices. Students discover similarities without ignoring differences. When so many Americans produced their own food in the first centuries of American history, why do so few—regardless of race or gender—continue to do so in the 20th century? Students begin to realize that certain major shifts in social history reflect patterns of action that cannot be explained simply by particular attributes of human identity.

By examining social history, students will see links between the past and their own lives. In social studies, students often examine human events and subjects of great prominence to consider the causes of productive and destructive change. Such an approach is clearly important, but its focus may seem remote to students, making it difficult for them to draw parallels between their studies and their own experiences. Using this program, many students will discover that the particulars and patterns of their own daily lives are sensible and explicable. This does not suggest that any analysis will show their lives (or those of their ancestors) to be without problems or setbacks, but that both mistakes and successes can be examined and explained.

Social history engages, surprises, and even shocks. Students will learn that there once was a time when the best ballplayers weren't able to play on the best teams, when Christmas was not a shopping nightmare. They will realize that what seem to be the inevitable outcomes of the past were no more fixed than the as-yet-unknown consequences of today's dilemmas and decisions. The program captures at least some of the excitement that David McCullough described in his comments on stories of the past:

In writing history or biography, you must remember that nothing was ever on a truck. Things could have gone any way at any point. As soon as you say "was" it seems to fix an event in the past. But nobody ever lived in the past, only the present. The difference is that it was their present. They were just as alive and full of ambition, fear, hope and all the emotions of life. And just like us, they didn't know how it would all turn out.

The challenge is to get the reader beyond

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thinking that things had to be the way they turned out and to see the range of possibilities of how it could have been otherwise.¹

ECONOMIC REASONING

As students learn about particular details of social history, they use tools to help them create sense and structure from data. The tools are the concepts and principles of economics. As students use them, they develop economic reasoning skills that they can apply to countless future descriptions and evaluations of human behavior.

The authors agree with Paul Heyne's observation that "all social phenomena emerge from the choices that individuals make in response to expected benefits and costs to themselves." This simple, universal explanation of human experience does not reduce or collapse the diverse particulars of history. Rather, it encourages students to search for the numerous options available to particular people at particular times, to see which choices seemed to promise the greatest benefits under the exact circumstances, and to recognize that human agency — in all its complexities — can be located and analyzed to explain the past and to guide us in our efforts to predict the future.

Students do not need a strong background in economics to use the program. In fact, the lessons are designed to nudge students into economic analysis without inundating them in economic content knowledge. The program emphasizes a fundamental postulate of economics, that incentives influence human behavior in predictable patterns. The authors believe that, after completing these lessons, students will be comfortable with economic reasoning and its applications to the analysis of human phenomena; ready to engage in additional and lengthier uses of economic reasoning; and especially well prepared to use *U.S. History: Eyes on the Economy*, which offers lessons that build upon the basic skills featured in this program.²

The emphasis on the importance of incentives does not imply the view that all individuals act identically when confronted with new or altered incentives. An incentive for one person may be a disincentive for another. The program, however, lets students observe some patterns in the past and search for sensible explanations for what might

initially seem (to modern observers) like chaotic or ridiculous behavior. Why have cowboys emerged from a brief period in American history to become a consistently popular feature of films, books, music, and fashion? Why would a young person from England decide to sign over five years of her life to a boss in America whom she had never met? How did the manufacturers of mouthwash manage to build a large and stable community of consumers who would spend their money on something that tastes bad? Not everyone likes cowboy songs, not all English youth became indentured servants, and some people still don't use mouthwash . . . but economic reasoning helps students make sense of certain human choices that may not be explicable simply by reference to their own experiences and contexts.

The focus on reasoning also makes economics an accessible discipline. Too often, students and teachers associate economics only with financial calculations and number crunching. The popular media often imply that if it doesn't involve money, it isn't economics. Of course, these limited views may prevent students from recognizing the many ways in which economics applies to their daily lives. Recent Nobel Prize-winning economists, including Gary Becker, Douglass North, and Robert Fogel, have used economic analysis to offer insights into marriage, family planning, slavery, and other social phenomena that involve much more than money and financial calculations. Economics offers comprehensive, orderly ways to organize information, evaluate options, weigh possible outcomes, and choose. It isn't just for stockbrokers!

The program does not diminish the importance of traditional economic concepts. To strengthen and diversify students' abilities to reason economically, the lessons employ economic concepts when appropriate. *Scarcity, choice, opportunity cost, supply, demand, and equilibrium price* are explained and used to add clarity and accuracy to the lessons.

A NOTE ON HISTORICAL SOURCES

Whenever possible, we have included primary historical source materials in the program. Indentured servant contracts, excerpts from federal food safety laws, advertisements from 1920s popular magazines, travelers' accounts of explorations,

¹ David McCullough, as quoted by Ester B. Fein, *The New York Times*.

² Published by the National Council on Economic Education.

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amendments to the U.S. Constitution, and more all appear. Primary sources emphasize the importance of particular evidence in the social studies. Some secondary sources are used to synthesize historical evidence for students. The various sources also give students an opportunity to employ economic reasoning skills across a wide variety of materials, and they remind students that economics can be applied to countless representations of human experience.

SOME FINAL NOTES

We have tried to accomplish many goals in this small book. To employ our own reasoning skills to state a hypothesis, we might explain that we tried to pack a lot into 15 lessons because we anticipate high benefits (improved critical thinking and problem-solving skills, increasing knowledge of historical events and issues) for those who use them.

We have constructed lessons that leave room for teachers and students to make full use of their own insights and knowledge as they work to connect economics and history within the context of social studies. The lessons might serve as prompts to generate student discussions of racism in the 1990s, or modern advertising and consumer behaviors, or current trade policies and treaties, or communitarian experiments that emphasize the use of barter and exchange to recreate genuine neighborhoods in modern cities. We encourage teachers to supplement the lessons with their own materials and ideas. We believe that students will engage in such supplements with enthusiasm, because the lessons empower students as thinkers and analysts.

And we invite you to have some fun as you go! Daily life — social history — is a rich mix of work

and play, and the lessons reflect our belief that it is important to explore human happiness alongside human labors and losses. Economics has been called the dismal science because it is the study of human responses to scarcity. But the study of these responses may generate its own moments when students experience the thrill of seeing more than they thought they knew. Where they thought necessity must have prevailed, they can learn to see the operations of choice. That is not a dismal outcome.

ABILITY GUIDELINES AND FLEXIBILITY OF TEXT

United States History: Focus on Economics is suitable for a wide variety of curriculum needs and teaching strategies. The program allows for great flexibility in teaching and learning — offering ample support for students of different ability levels. As there is no single approach or method adequate in all situations, the authors suggest many approaches for teachers to choose from to best suit the needs of their individual courses and to match the abilities, interests, and backgrounds of students. In general, the lessons are for all students.

KEY TO ABILITY LEVELS

The following coding system identifies activities suitable for students of various ability levels:

- average and below average students
- ★ all students — basic course material
- average and above average students

LESSON ONE

INDENTURED SERVITUDE: WHY SELL YOURSELF INTO BONDAGE?

INTRODUCTION

History Some poor people managed to migrate to North America by becoming indentured servants. Indentured servants signed contracts that bound them to perform work, for an average of four years, in return for passage to North America and room and board. Some historians refer to this form of labor contract as scarcely better than slavery. Others view it as a market response that enabled poor and unemployed people to swap labor for new opportunities.

Economic Reasoning Many people in 18th-century England faced hard choices. Some decided that the opportunity offered by indentured service was the best choice among what, by today's standards, seems to be a set of poor alternatives. Contracts for indentured servants provided opportunities for voluntary exchange in which both sides hoped to be better off. Employers wanted a source of labor — a relatively scarce resource in North America. People without financial means wanted a way to pay for their passage to North America, where they could find opportunities for land and wages greater than those available in Europe. This system of reciprocal interests created a market that attracted a large number of English settlers. Of the approximately 500,000 English settlers, about 350,000 came as indentured servants.

CONTENT STANDARDS

- ◆ All decisions involve opportunity costs: weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.
- ◆ People voluntarily exchange goods and services because they expect to be better off after the exchange.

CONCEPTS

Choice
Incentives
Costs
Benefits

OBJECTIVES

1. Explain how the market for indentured servants functioned.
2. Analyze the costs and benefits to individuals who were considering signing contracts to become indentured servants.

LESSON DESCRIPTION

Students participate in class discussion and, in small groups, examine case studies of indentured servants.

TIME REQUIRED

- ◆ One class period

MATERIALS

- | | |
|--------------|---|
| Visual 1 | Background on Indentured Servants |
| Visual 2 | How the System Worked |
| Visual 3 | Why Would Free People Sell Themselves into Bondage? |
| □ Activity 1 | A Contract for an Indentured Servant |
| □ Activity 2 | The Case of the Indentured Servants |

PROCEDURE

1. Explain that the purpose of this lesson is to examine an important source of labor for the British colonies of North America. This lesson will focus on why people would sell themselves into bondage.

LESSON ONE

2. Display Visual 1, Background on Indentured Servants, and Visual 2, How the System Worked. Explain how the contract system for indentured servants functioned.

3. Distribute Activity 1. Ask the students to analyze the contract for an indentured servant. Ask:

What was the benefit to the servant who signed the contract? (*Passage to America, food, and lodging.*)

What was the benefit to the master who signed the contract? (*A promise from the indentured servant to be a worker on a plantation.*)

4. Display Visual 3, Why Would Free People Sell Themselves into Bondage? Invite students to use their imaginations to speculate on reasons people would be willing to accept a job that they could not quit.

5. Explain that the relative scarcity of workers in North America encouraged the development of this market for indentured servants. Then examine more closely why the servants came. Divide the class into groups and distribute Activity 2, The Case of the Indentured Servants. Assign one case to each group. After the groups have identified the costs and benefits in Activity 2, ask a recorder from each group to provide a brief overview of the history of their person and describe the costs and the benefits involved in the decision.

Patrick McHugh

Cost: Income lost from temporary farm work. The risk that events would not turn out as anticipated.

Benefit: Opportunity for improved income in North America. Opportunity for land.

William Heaton

Cost: Income from whatever work he could otherwise have found in London. The risk that events would not turn out as anticipated.

Benefit: Opportunity for improved income in Philadelphia.

Mary Morgan

Cost: Income from whatever work she could find in Norwich. The risk that events would not turn out as anticipated.

Benefit: A chance to learn domestic skills in America.

Tom Holyfield

Cost: The opportunity to participate in his own hanging ceremony.

Benefit: A chance to save himself from being hanged.

Christian Mueller

Cost: Income from his work as a teacher and organist. The risk that events would not turn out as anticipated.

Benefit: A chance to improve his income in America.

6. Explain that the practice of indentured servitude gradually ended. Economic historians Gary Walton and Hugh Rockoff point out in their book, *History of the American Economy*, that the market for indentures eventually disappeared as the incentive structure changed. "It did so by economic forces rather than legislation. The costs of passage slowly fell over time, and the earnings of workers in Europe rose. In addition, slavery was a viable cost-cutting labor source compared to indentures" (p. 30). Before it ended, however, indentured servitude contributed to the rapid population growth of North America and left an English heritage of law, language, and custom.

7. Ask: Are there situations today in which you might consider signing a contract for your labor in exchange for some future benefit? For example, would you agree to perform two years of community service — volunteer work in overcrowded schools — in return for a significant reduction in the price you would pay for four years of college tuition?

What cost might go along with that choice? (*Income from the job you would otherwise have taken following graduation.*)

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What benefit might go along with that choice? *(Reduced college tuition and satisfaction gained from community service.)*

What choice would you make in this case? Why? *(Accept a variety of responses, but encourage students to recognize the trade-offs involved in every decision.)*

CLOSURE

Review the key points of the lesson. Ask:

Who were the indentured servants? *(People who chose to sign contracts which bound them to perform work for an employer in North America.)*

What were some of the benefits of signing such contracts? *(Most hoped to gain financial opportunities in North America; some hoped to save their lives.)*

What were the costs? *(People sacrificed opportunities they might otherwise have had in Europe. Moreover, they were taking risks that things might not turn out as they hoped.)*

Ask students to select one or more stories from a daily newspaper and identify the costs and benefits of any choices that individuals in the stories made.

Visual 1

BACKGROUND ON INDENTURED SERVANTS

CONTRACTS

- Indentured servants' contracts bound them to perform work for an employer in North America.
- These contracts had the force of law — they were enforced.
- Contracts called for 3–7 years of service. The average period of service was 4 years.
- In the early days of the colonial period, women were offered somewhat shorter contracts than men.
- Contracts for harder work — growing tobacco — were often shorter than contracts for easier work — such as performing household duties.

Visual 2

HOW THE SYSTEM WORKED

Ordinarily a person would sign with a ship-owner or a recruiting agent in England.

As soon as the servant was delivered alive to an American port, the contract would be sold to a planter or merchant.

Visual 3

WHY WOULD FREE PEOPLE SELL THEMSELVES INTO BONDAGE?

A large percentage of workers in colonial North America were indentured servants — people who signed contracts stating they would work for up to seven years in exchange for passage to North America. The work they performed was most often difficult — clearing land, planting tobacco, performing household services. These contracts had the force of law. Terms of service were increased, for example, if a worker violated the terms of the agreement by trying to run away. Servants could even be sold to other owners.

Why would people accept jobs they could not quit? Why would people sell themselves into bondage?

LESSON ONE

Name _____

Activity 1

A CONTRACT FOR AN INDENTURED SERVANT

HERE IS A COPY OF AN INDENTURED SERVANT CONTRACT USED in 1684. In copying the contract, we have retained most of the original orthography — spelling, punctuation, and other details of form. Some of these details may surprise you. In deciding whether to use upper- or lowercase letters, for example, the typesetters here seem to have followed no rules at all. Seventeenth-century readers would not have been surprised, however. Orthography at this time was not standardized by dictionaries, grammars, or any widespread system of schooling. Literate people, therefore, had considerable leeway to follow their own rules of practice in their writing.

The indenture: According to the method made and provided; And by the Order and Directions of His Sacred Majestie King CHARLES the Second of England. And his most Honourable Privy council, the Thirteenth day of December Anno 1682. In the Thirty Fourth year of his said Majesties Reign (then Printed and Published), declaring, That what Persons at anytime, as are Voluntary, free and willing at their own Liberties, to be retained to serve in any of His Majesties Foreign Plantations in AMERICA, are to be duely Examined and bound only before any of his Majesties Justices of the Peace, and the fame to bear Record in the Court of Sessions, in that county or City where such Servants shall be so bound.

Now Witnesseth that (name) doth freely without delution, perswasion, or any other sinistery means, Covenant, promise, consent, grant and agree, To and with (name), from the day of the date hereof, until his first arrival in his Majesties

Plantation of (name of place in America) and after, for and During the term of (number) years, therein shall and will as a faithful covenant-Servant serve in such Employment of A as he the said (name), his Executors or Assignes shall therein Employ him accordingly. In Confideration whereto of the said (name) for himself, his Executors and Assignes, doth Covenant, promise, grant and agree to and with the said (name) to pay for his passage in the good Ship the (name of the ship) Captain (name) Commander, or in any other Ship thither directly bound by the Order and directions of the said (name) his Executors of Assignes; And to find and allow him sussient meat, Drink, Apparel, Lodging, Washing and other necessaries during the said term. And in the end thereof such other Allowances, as to others are given and granted in like kind. In witness whereof the said Parties to these present indentures have interchangably set their Hands and Seals the (number) day of (number) In the (number) year of the Reign of our Sovereign Lord the King, that now is, of England, Anno Domini 1684

(signature)

Signed, Sealed, and Delivered
in the Presence of

(signature)
(Name)

(signature)

*Examined and
bound before (name) of his Majesties
Justices for the
(date) the day and year afore
written (signature)*

QUESTIONS FOR DISCUSSION

1. What was gained by the servant who signed this contract?
2. What was gained by the master who signed this contract?

LESSON ONE

Name _____

Activity 2

THE CASE OF THE INDENTURED SERVANTS

Directions: Read the following information and the case studies. After reading the case studies, identify some potential costs and benefits associated with the decision to become an indentured servant.

WHY DID THEY COME?

Workers were scarce in both England and North America. Workers were more scarce in the colonies, however. How could people sell their labor where it would have the greatest value? The indentured servant market arose to solve this problem.

Immigrants to the North American colonies were often people who could not afford passage. Many came as indentured servants. They signed contracts that provided them passage in exchange for their promise to work for an employer in North America.

The risks were great. Conditions on the voyage were often difficult. Sickness and death were common. Sometimes, people lacked complete information about what life was really like in North America. Yet, many people chose to go. Why?

In order to discover why people chose to become indentured servants, we will examine some information about the people themselves.

CASE STUDIES

- Patrick McHugh believed there was little for him to do in Ormskirk, England. He had lost his farm. His only work was intermittent farm work lasting a few weeks at one time. He had no money. His parents were aged and poor. One market day in the village, he heard men talking about opportunities to work in a tobacco-growing colony. The work was difficult — clearing land. The indenture would last for four years.

What were the costs?

What were the benefits?

- William Heaton felt he had been cheated out of his share of the family estate. His father had been a merchant of moderate means living in Southport, England. William's father had died. His mother, who remarried a man of less wealth, moved to Liverpool. Having little money left, William's mother gave him 12 shillings and told him that was all she could do for him. He set out for London and soon spent nearly all his money. In the spring of 1725, he stood outside the Royal Exchange and read the notices about opportunities in America. In a few minutes he was approached by a man who offered to buy him a mug of beer while they discussed signing a contract to go to work in Philadelphia. The agent thought that a man of William's background should be able to sign on with an artisan — perhaps a watchmaker.

What were the costs?

What were the benefits?

- Mary Morgan lived in a small village outside of Norwich — a town east of London. Not much is known about her. She was an orphan. Her uncle — a farmer — took care of her until she reached age 14. She knew she had always been a burden for the family of eight children. There were few young men in the village, and she had no prospects for marriage. One day, while walking in Norwich's town center, she was told by an agent of a shipowner about a Puritan family in Massachusetts that wanted an indentured servant to sew, spin, knit, and do other household chores. Room and board were to be provided for five years, at which point she would be released from the contract.

What were the costs?

What were the benefits?

- Tom Holyfield was a thief. His life began well enough. He grew up on a farm outside Blackpool, England. As the youngest male in the family, Tom stood no chance to inherit the farm. He was apprenticed at age 13 to a cooper — a maker of barrels. He worked for room and board on the promise that he would be trained as a cooper. But Tom grew impatient

LESSON ONE

and fell in with a gang of thieves. It wasn't long before he and his friends were caught. Found guilty of a felony, Tom could be hanged — or he could accept a contract to work in the tobacco-growing colonies.

What were the costs?

What were the benefits?

- In 1750, Christian Mueller was a teacher and an organist by trade. He had read pamphlets about America. Pennsylvania was described as a land of opportunity: "He who goes there

as a servant, becomes a lord; as a maid becomes a gracious lady; as a peasant, a nobleman; as a commoner, as a craftsman, a baron." Christian left his wife and child, traveled down the Rhine River, and signed on board a ship headed for America. The agent agreed to pay for his passage and promised that his skills would be welcomed in North America. After his four-year indenture, Christian planned to send for his family.

What were the costs?

What were the benefits?

LESSON TWO

DO THE RIGHT THING: FREE THE SLAVES, AVOID THE WAR

INTRODUCTION

History Slavery is a morally unacceptable social institution in modern society, but for thousands of years it was an acceptable practice protected by legal systems and moral standards in most countries. Yet, in one century, it collapsed as an institution in the Americas — first in the Caribbean, then in South America (except for Brazil), and then in the United States.

Only in the United States was a terrible war fought to abolish slavery based on race. The war reflected a clash between economic interests of Southerners and moral objections by Abolitionists. Early compromises had enabled Americans to avoid war, but compromise eventually grew less attractive as an alternative. Investments in slaves were profitable; slave labor productivity and plantation efficiency were high. Southern politics were dominated by wealthy planters who saw clearly how much wealth they would lose if the Abolitionists were successful.

Yet the war may not have been necessary. Successful programs to emancipate slaves had already been used to abolish slavery in some Northern states. How did these plans work? Could they have been used to prevent the Civil War? These questions are explored in this lesson by reference to the decision of New York State to abolish slavery in 1799. That decision satisfied Abolitionists by making slavery illegal, and it allowed slaveholders to recover their costs of owning and raising slaves; but it did little to help slaves.

Economic Reasoning Government action was required to deal with the legal status of slavery. Yet governments do not make decisions; only people, acting as government representatives, make decisions. Economic theory suggests that decisions made by political leaders and government officials can be explained as responses to incentives. Political leaders respond to incentives as they attempt to solve political conflicts. Most seek to avoid armed conflicts and to retain their political power.

Logically, this idea suggests that political leaders

in Northern states would attempt to please both slave and non-slave-owning voters when they decided to abolish slavery in their state. It also suggests that slaves — nonvoting citizens — may not be considered an important constituency in legislators' decisions. Political leaders in fact did attempt to emancipate slaves in New York in 1799. In this attempt they sought to avoid costs to taxpayers while also allowing slaveholders to retain some of their assets. In other words, legislators sought to please both groups of voters. The group not served directly was the nonvoting group — slaves who would be freed under the new law.

CONTENT STANDARD

- ♦ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.

CONCEPTS

- Incentives
- Cost (monetary and nonmonetary)

OBJECTIVES

1. Identify the costs and benefits to political leaders for supporting the emancipation of slaves.
2. Explain who benefited from the New York plan of slave emancipation and who paid the costs.
3. Explain why the New York plan was not used to emancipate slaves in the Southern states.

LESSON DESCRIPTION

Caution: In this activity students role-play people who were sympathetic to slaveholding. Be certain to remind students not to confuse statements made during role playing with the actual beliefs of the person assuming the role. The intent of the activity is to analyze actions taken by people in 1799 as they attempted to stop a practice which today is illegal and widely condemned.

LESSON TWO

Students examine data about slaveholding in Northern states and role-play state legislators who must find a method to emancipate the slaves in their state peacefully. They then compare their plans with the plan followed in New York in 1799.

TIME REQUIRED

- ◆ One to two class periods

MATERIALS

- Visual 1 Timeline for Slave Emancipation in the Americas (Prior to 1800)
- Visual 2 Slave Emancipation in the North for the Free-Born
- Visual 3 Timeline for Slave Emancipation in the Americas (All Years)
- ☐ Activity 1 Role-Playing Directions
- ☐ Activity 2 Legislator Cards
- ☐ Activity 3 The New York State Slave Emancipation Plan
- ☐ Activity 4 Slave Populations in Maryland and New Jersey

PROCEDURE

1. Explain that the purpose of this lesson is to analyze the slavery issue as it was viewed by people late in the 1700s. The specific task is to analyze the choice of a specific program to emancipate the slaves in New York State.

2. Today we are going to look at how New York State eliminated slavery without provoking a war among its citizens. How did the New York State plan differ from the nation's plan in 1860? How were the costs and benefits of slave emancipation shared in New York State?

3. Display Visual 1, which presents a timeline showing which states eliminated slavery before 1799. Ask students to note which states had already emancipated slaves. (*Vermont, Massachusetts, Pennsylvania, Rhode Island, and Connecticut.*) How were the slaves emancipated? (*Immediate prohibition and gradual emancipation.*)

4. Remind students that political leaders make choices that are influenced by incentives; ask them

what incentives are important to political leaders. (*Doing the right thing, getting reelected, gaining stature in the community, gaining power, satisfying voters, being a good family person.*)

5. Explain that these incentives do not always work together. Sometimes the wishes of people who hold public office are in conflict with voter wishes. For example, getting reelected is important to gaining power, but it might involve actions that conflict with one's own family norms.

6. Put students in groups of five. Have them read Activity 1; answer any questions they have about their task and the conditions of New York State in 1799.

7. Distribute the legislator cards in Activity 2 to each student. They should keep the information on the card to themselves, but they are to use the information to make decisions as this person would, given the information on the card.

8. Have the groups develop a plan of slave emancipation that will satisfy concerns of both voters and the legislators. All decisions are made by majority vote. The plan should be written out and copies provided for the class.

9. Have groups choose a spokesperson to describe their plan to the class.

10. Have students compare their plans to those of other groups. See which of the issues each group thought was most important, which incentives were most important to individual legislators, and who bore the costs of slave emancipation. (*Each group may come up with a different plan or even delay making a decision. If they pay owners for the slaves, then the cost is borne by taxpayers; if they do not pay the owners, then the owners pay for the emancipation; if they go for a delayed emancipation, then the slaves bear the cost of emancipation.*)

11. Have students compare their plan to the New York State plan to emancipate slaves (Activity 3). Check for similarities and differences. Attempt to anticipate what incentives influenced New York legislators. (*The New York plan is a gradual one which puts most of the cost on the slaves.*)

LESSON TWO

Slaveholders have time to get their investment back before the slave is freed or to sell the slave before the age of emancipation. Taxpayers do not have to pay the costs, nor do the slaveholders.)

12. Ask students why New York legislators and people in these groups did not just do the right thing and free the slaves immediately. *(The moral, right thing was not clear to everyone, and the costs of such an action to each individual legislator seemed to outweigh the benefits such an action would bring to many of the people involved. It was also easier to let the nonvoting public bear most of the costs because nonvoters could not hold legislators accountable for their actions.)*

13. Show students Visual 2. Visual 2 shows the different plans used by Northern states to emancipate slaves. Notice that most of them were gradual plans which reduced the loss of financial wealth by the slave owner.

14. Display Visual 3. This visual shows the history of slave emancipation in the Americas from 1772 to 1888. Notice that no country other than the United States fought a war over this issue. Ask students what might have happened if legislators had offered to compensate plantation owners for the financial loss they would incur because of emancipation. Would the South still have chosen to fight the Civil War? *(Compensation would have reduced the cost of emancipation for slaveholders. If this cost had been reduced, Southerners would have been faced with different incentives. The new incentives would have reduced the likelihood of war, but we cannot be sure that the war would not have occurred. Other factors such as the doctrine of States' Rights, tariff disagreements, and racism also influenced the South's decision to secede from the Union. Those factors, and the confidence of Southerners that they could win the war, may still have prompted them to secede.)*

15. Distribute Activity 4 to students. Ask them to compare the slave populations in both states. After students have answered the questions on the activity sheet, invite them to deduce which state was more likely to free its slaves. *(New Jersey. Fewer people are involved who might bear the costs. The larger slave population in Maryland suggests that more slaveholders lived there. A larger portion of the*

Maryland voting public may therefore be opposed to the abolition plan.)

16. Present students with another issue that caused Americans to reevaluate moral and political issues: the right to vote for women. Why did some states move slowly on this issue? Why did some men and women oppose women's right to vote? What costs and benefits were involved in this decision? *(This issue put legislators in the middle of an unresolved moral issue. Resolution would require a change from traditional practice and might influence a legislator's political career. The incentives to support or not support this extension of suffrage would be different for each legislator. These problems would lead to delays on the vote, to different timetables for legislation, and to all the other conflicts students will observe in their own behavior as they attempt to emancipate the slaves.)*

CLOSURE

Review the key ideas in this issue: incentives, choice, self-interest, moral interest, and how these considerations affect people whenever they make choices. For further practice in reasoning, ask: Do students do the right thing when they are presented with an issue of lesser importance — for example, doing their homework? *(Students respond to incentives that are important to them. They make choices to do homework or not to do homework. Sometimes they do the right thing because they want to, even in the case of homework. At other times they do what others want them to do — for example, go out with friends. Sometimes they disagree with the view that homework is the right thing to do. Each of these situations involves a choice, and different people respond differently to alternatives depending on what they think is in their best self-interest and moral interest.)*

Invite students to write short essays or journal entries to identify the choices and incentives at work in the following situations:

- Should people try to return found money?
- Should people return overpayments made when a cashier makes a mistake giving change?
- Should people report friends who shoplift?

Visual 1
**TIMELINE FOR SLAVE
EMANCIPATION IN THE
AMERICAS
(PRIOR TO 1800)**

- 1777 The Vermont Constitution Prohibits Slavery.
- 1780 The Massachusetts Constitution Declares
That All Men Are Free and Equal by Birth;
a Judicial Decision in 1783 Interprets This
Clause as Having the Force of Abolishing
Slavery.
- Pennsylvania Adopts a Policy of Gradual
Emancipation, Freeing the Children of All
Slaves Born after November 1, 1780, at
Their Twenty-eighth Birthday.
- 1784 Rhode Island and Connecticut Pass
Gradual Emancipation Laws.

Visual 2

SLAVE EMANCIPATION IN THE NORTH FOR THE FREE-BORN

State	Date of Enactment	Age of Emancipation	
		Male	Female
Pennsylvania	1780 ^a	28	28
Rhode Island	1784 ^b	21	18
Connecticut	1784 ^c	25	25
New York	1799 ^d	28	25
New Jersey	1804 ^e	21	20

Source: R. W. Fogel and S. L. Engerman, "Philanthropy at Bargain Prices: Notes on the Economics of Gradual Emancipation," *Journal of Legal Studies* 3(2)(1974), 341.

^a The last census that enumerated any slaves in Pennsylvania was in 1840.

^b All slavery was abolished in 1842.

^c The age of emancipation was changed in 1797 to age 21. In 1848, all slavery was abolished.

^d In 1817, a law was passed freeing all slaves as of July 4, 1827.

^e In 1846, all slaves were emancipated, but apprenticeships continued for the children of slave mothers and were introduced for freed slaves.

Visual 3

TIMELINE FOR SLAVE EMANCIPATION IN THE AMERICAS (ALL YEARS)

- 1772 Lord Chief Justice Mansfield Rules That Slavery Is Not Supported by English Law, Thus Laying the Legal Basis for the Freeing of England's 15,000 Slaves.
- 1774 The English Society of Friends Votes the Expulsion of Any Member Engaged in the Slave Trade.
- 1775 Slavery Abolished in Madeira.
- 1776 The Societies of Friends in England and Pennsylvania Require Members to Free Their Slaves or Face Expulsion.
- 1777 The Vermont Constitution Prohibits Slavery.
- 1780 The Massachusetts Constitution Declares That All Men Are Free and Equal by Birth; a Judicial Decision in 1783 Interprets This Clause as Having the Force of Abolishing Slavery.
- Pennsylvania Adopts a Policy of Gradual Emancipation, Freeing the Children of All Slaves Born after November 1, 1780, at Their Twenty-eighth Birthday.
- 1784 Rhode Island and Connecticut Pass Gradual Emancipation Laws.
- 1787 Formation in England of the "Society for the Abolition of the Slave Trade."
- 1794 The French National Convention Abolishes Slavery in All French Territories. This Law is Repealed by Napoleon in 1802.
- 1799 New York Passes a Gradual Emancipation Law.
- 1800 U.S. Citizens Barred from Exporting Slaves.
- 1804 Slavery Abolished in Haiti.
- New Jersey Adopts a Policy of Gradual Emancipation.

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- 1807 England and the United States Prohibit Engagement in the International Slave Trade.
- 1813 Gradual Emancipation Adopted in Argentina.
- 1814 Gradual Emancipation Begins in Colombia.
- 1820 England Begins Using Naval Power to Suppress the Slave Trade.
- 1823 Slavery Abolished in Chile.
- 1824 Slavery Abolished in Central America.
- 1829 Slavery Abolished in Mexico.
- 1831 Slavery Abolished in Bolivia.
- 1838 Slavery Abolished in All British Colonies.
- 1841 The Quintuple Treaty Is Signed under Which England, France, Russia, Prussia, and Austria Agree to Mutual Search of Vessels on the High Seas in Order to Suppress the Slave Trade.
- 1842 Slavery Abolished in Uruguay.
- 1848 Slavery Abolished in All French and Danish Colonies.
- 1851 Slavery Abolished in Ecuador.
Slave Trade Ended in Brazil.
- 1854 Slavery Abolished in Peru and Venezuela.
- 1862 Slave Trade Ended in Cuba.
- 1863 Slavery Abolished in All Dutch Colonies.
- 1865 Slavery Abolished in the U.S. as a Result of the Passage of the 13th Amendment to the Constitution and the End of the Civil War.
- 1871 Gradual Emancipation Initiated in Brazil.
- 1873 Slavery Abolished in Puerto Rico.
- 1886 Slavery Abolished in Cuba.
- 1888 Slavery Abolished in Brazil.

Source: R. W. Fogel and S. L. Engerman, *Time on the Cross: The Economics of American Negro Slavery* (Boston: Little, Brown, 1974), pp. 33-34.

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Activity 1

ROLE-PLAYING DIRECTIONS

Read the following information. Check with your teacher to be sure that you understand the historical, financial, and social environment of New York of 1799. Then read your role cards and carefully attempt to resolve the issue of slave emancipation while remaining true to the character described in the role card.

NEW YORK, 1799: SOME BACKGROUND INFORMATION

You are a member of the State Legislature of New York in 1799. At this time slavery is legal in New York, and many well-to-do people own slaves and rely on them to do household work and field work. Abolitionists oppose slavery. They demand that slavery be outlawed in the state. Other Northern states already have banned slavery, and it is clear that slavery will eventually be outlawed in New York. The only serious questions to be discussed are *how* will the slaves be freed, *when* will the slaves be freed, and *which* slaves will be freed? Remember that many people who oppose slavery on moral grounds are opposed to immediate emancipation mainly because it would impose a serious financial hardship on the slave owners. If slavery is to be forbidden, they think that owners should be compensated for their property just as they would be if

land were taken from them. This problem becomes a constitutional issue because the Fifth Amendment to the U.S. Constitution states, "nor shall private property be taken for public use without just compensation."

You will play the role of an adult white male who owns property in New York. At this time only men who owned property were allowed to vote or hold public office. The slavery issue is important in public discussions, but not as important as issues of taxes and public finance. The state government is having a hard time raising money to cover expenditures. Voters are very resistant to new taxes. One of the important issues of the American Revolution was taxes, and taxes remain important in 1799. You personally have many friends and acquaintances who own slaves. Now you must help decide how the slaves should be emancipated in New York. You do not want this issue to create great social conflict. You and your fellow legislators must come up with a plan in the next session of the legislature.

Agree upon a written plan to abolish slavery. Document *who* will be freed, *when* they will be freed, and *whether the owners will be compensated* for the financial loss they will incur when they lose their slaves. If owners are to be compensated, explain how the government will raise the revenue to pay the owners.

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Activity 2

LEGISLATOR CARDS

CARD 1

REVEREND HAROLD WATSON

Minister

You are a Methodist minister who owns a small farm. You are very active in the Abolitionist movement. You are convinced that slavery is a sinful enterprise and demeaning to owners and to slaves. You believe that slaves should be freed and returned to Africa. You do not think freed slaves have a future as citizens of the state. You were elected to the legislature by people of a similar persuasion, but the election was close. Many voters thought you were too radical in your solutions. You will face a tough reelection campaign when you run in the next election in six months. The pay you receive as a legislator is one-half of your total earnings for the year. You have a wife and three children. You lead a church with 60 members. A large minority of your church members do not agree with you on the slavery issue and are threatening to switch to another church. You want this issue settled during this legislative session.

CARD 2

MARK WESTERN

Shopkeeper

You operate a general store in New York City that has been very successful in the past few years, serving customers in the growing downtown section of Manhattan. Many of your customers are slave owners who employ their slaves in performing household duties and regard them as a form of financial investment. They know they can sell their slaves in the South if they need to gain income to fund one of their other business enterprises. Most of the owners seem, in your judgment, to treat their slaves well. Most voters in your district do not own slaves, and they are indifferent on this issue. Working people without property tend to oppose slave ownership. They think more jobs would be available to wage earners if slavery were banned in the state. Your wife and daughter are fiercely opposed to slavery and work actively to support the Abolitionists in their church and other social circles. You do not care when the slave emancipation issue gets settled, but you do not want the settlement of it to split the community, harm your customers' financial status, or harm your political standing. Your political career is very helpful in making your business well known and accepted in the New York City community.

CARD 3

THOMAS WAITE

Farmer

You have served in the legislature for five years and helped the state take most of its important steps toward independence after the Revolutionary War. Helping the state government become a regular, functioning body, with the procedures and organizational structure it needs to get its work done, has consumed most of your time and effort. You plan not to run for reelection in the fall. You intend to return to your large farm to give it the attention required to make it profitable for your large family. Your family consists of a wife, seven children (ages 3 to 12 years), two single brothers (ages 24 and 30), and your father (age 62). You do not own slaves, and your only contacts with slaves are with those who serve other representatives in the state legislature. You had never seriously thought about the moral problems associated with slavery until the issue was brought up by the Abolitionists. You know that the state has a difficult time paying for government services, and that taxpayers, yourself included, do not want to pay any extra taxes at this time. You would like to get the issue of emancipation settled so the legislative session can end and you can leave to work on your farm.

CARD 4

STEPHEN CARTWRIGHT

Fur Dealer

You are a successful merchant who has made a personal fortune selling fashionable beaver hats to well-to-do people in New York City. You are now investing in other enterprises involving transportation. Your latest enterprise is a stagecoach line which will travel between New York City and the growing town of Poughkeepsie. You do not own any slaves now, but you have seriously considered buying one to help with household duties. Owning a slave also would enable you to emulate the behavior of older, wealthy people who own slaves. You plan to run for governor of the state in 1802, and you are building political friendships with influential people in commerce and politics. You are not persuaded that slavery is a moral issue, but you do think it is a distraction from more important issues such as road building and economic development. You are convinced the issue is not going to go away. The Abolitionists are going to continue to push this issue and eventually get emancipation for slaves. You would like to have the issue settled before 1802. Your family is indifferent to slavery. The workers in your enterprise tend to be opposed to slavery, but they are not eligible to vote in elections.

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CARD 5

ROBERT BUCKLES

Landed Aristocrat

Your family is one of the original families to settle in New York. Your father made a large fortune as a farmer and land speculator. You inherited most of your father's wealth and now devote your life to public service. You represent a well-to-do neighborhood in Manhattan, and you won the last election in your district easily. You are deeply concerned about the issue of slave emancipation. You have had slaves in your household since you were born. Most of your friends and associates also own slaves. To you, slaves seem to be part of the family. Besides, it would be very hard for you to adjust if slaves were no longer available to get work done on your estates. You also worry about the slaves' ability to adjust to freedom. They would have no home, no money, and no job skills to help them find work in New York. There are two children among your slaves, ages six and eight. You also worry that most slave owners will merely sell their slaves to Southern slave owners if the legislature passes a law banning slavery in New York. You are concerned that Abolitionists and other supporters of this bill do not have the best interests of slaves in mind. They just want to abolish slavery, not help the slaves gain or adjust to freedom. Your family tends to support slavery and oppose emancipation, but some family members have mixed feelings about its morality.

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Activity 3

THE NEW YORK STATE SLAVE EMANCIPATION PLAN¹

IN 1799 NEW YORK STATE PASSED A LAW OF EMANCIPATION for all free-born slaves. Free-born slaves were slaves born after the year the law was passed. All such male slaves were freed at age 28. All such females slaves were freed at age 25.

Any slaves born before 1799 were not eligible for free status. In other words, the living population of slaves in New York State was not freed.

The law did not establish an agency to enforce this enactment, nor did it prevent slaveholders from selling slaves in the South before they reached the age of emancipation.

In 1817, a law was passed freeing all slaves as of July 4, 1827.

¹ Information gathered from Gary Walton and Hugh Rockoff, *History of the American Economy*, 7th ed. (New York: Dryden Press, 1994), p. 279.

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Activity 4

SLAVE POPULATIONS IN MARYLAND AND NEW JERSEY

	TOTAL POPULATION	SLAVE POPULATION	SLAVES AS PERCENT OF TOTAL POPULATION
Maryland (1755)	153,505	43,495	28%
New Jersey (1745)	61,403	1,959	3%

QUESTIONS FOR DISCUSSION

1. Which state had the most slaves? (*Maryland, 43,495.*) *large slave population, is likely to have more slave owners.*
2. Which state had the largest percentage of slaves as part of the total population? (*Maryland, 28 percent.*)
3. Which state will probably have the greatest number of slave owners? (*Maryland, with its*
4. As a state legislator, in which state could you vote to abolish slaves and meet little resistance from the voters? (*New Jersey. Most New Jersey voters did not own slaves, so they probably would not find this an important issue relative to other concerns.*)

Source: Historical Statistical Abstract of the United States.

LESSON THREE

WHY WOULD YOU RAISE CHICKENS WHEN YOU DON'T LIKE EGGS? OR WHY DID FARMERS SPECIALIZE?

INTRODUCTION

History In the 17th, 18th, and early 19th centuries, most Americans produced their own food or obtained it directly from neighbors. The variety of food produced and consumed was limited by the available resources (labor, soil, growing season, capital, and knowledge). Farmers tended to feed themselves directly from their own crops and livestock. In the 19th century rural areas became more populated, transportation systems improved, and more farmers began to exchange foodstuffs. By specializing in the production of specific food products and by trading, Americans could begin to enjoy more interesting and healthful diets. Barter was one means to facilitate exchanges in an economy where few people possessed much currency. This system of barter and specialization allowed many Americans to move toward a more secure and comfortable life. Eventually barter was replaced with a cash-for-crops arrangement which dominates food production today.

Economic Reasoning The influence of incentives helps explain the decisions that many Americans made as they began to concentrate on specialized production of selected crops, using barter to obtain other goods. Cultivating crops and raising stock or poultry are labor-intensive tasks, requiring considerable expenditure of time, skills, and resources. Farmers had a strong incentive to economize — to use their time and resources as efficiently as possible — to get the most benefits from their work. Exchange allowed farmers to specialize, and focusing all their resources on one or two crops enabled them to produce more and to gain greater expertise in growing these crops. Such specialization brought both increased production and increased interdependence. But with this interdependence, all farmers had a strong incentive to trade voluntarily with

other people. For this reason a farmer might raise chickens even if he or she didn't like to eat eggs.

CONTENT STANDARDS

- ◆ People voluntarily exchange goods and services because they expect to be better off after the exchange.
- ◆ The simplest form of exchange is barter — the direct trading of goods and services between people.
- ◆ The level of output in an economy can be increased through specialization.

CONCEPTS

Choice
Specialization
Trade
Barter

OBJECTIVES

1. Identify the difference between subsistence farming and specialized crop production.
2. Explain how barter and specialization developed as complementary elements of the U.S. agricultural economy in the 19th century.
3. Use map skills to theorize about trading patterns and farmers' choices.
4. Apply the concept of incentives to explain the trading behavior of farmers.

LESSON DESCRIPTION

Students analyze maps and farmers' choices to explain the impact that barter had on the decline of subsistence farming and the growth of single-crop

LESSON THREE

farming. They develop theories to explain how incentives influenced farmers to become less self-sufficient, to specialize and trade.

TIME REQUIRED

- ◆ One class period

MATERIALS

- Visual 1 A Chicken Farmer's Confession
- Visual 2 A Day's Menu on the Subsistence Farm, Midwest, 1830
- Visual 3 A Day's Menu for Farmers Using Specialization and Barter, Midwest, 1830
- Visual 4 Barter
- Activity 1 Uses of Farm Products and Farm Chores
- Activity 2 A Map of a Rural Farming Area in the Midwest, circa 1840
- Activity 3 A Day's Menu on the Subsistence Farm, Midwest, 1830
- Activity 4 Questions

PROCEDURE

1. Did farmers eat better in the "old days"? Explain that this lesson helps students investigate that question and learn about changes that have occurred in the United States since the early 1800s. Display Visual 1 and read aloud the quotation from a local egg producer. Ask: Why would you raise chickens when you don't like eggs? (*Accept a variety of responses; the issue will be settled later in the lesson.*)

2. Display Visual 2. Ask students why farmers would choose to eat this meal almost every day, week after week, month after month. Why didn't farmers raise chickens or grow bananas? (*It is hard to predict the answers, but help the students focus on this relationship: If farmers wanted to live, they would need to eat, and this strong incentive would lead them to obtain food. If the least costly way to obtain food was to grow/produce it, then the farmer's meals would be limited to what he or she could grow/produce. Chickens require year-round care. They might die in winter, and eggs spoil quickly without refrigeration. Bananas are hard to raise in the Midwest climate.*)

3. Display Visual 3. Ask students to notice the changes in the meals. What foods are in this menu that were not in the other menu? (*Milk, applesauce, eggs, vegetables, cake. It is a more diverse, nutritious menu.*) Can a single small farm produce all these items? (*Yes, but doing so would require a great deal of time. This time constraint provides a strong incentive to trade by bartering. Some small farmers had little or no cash with which to buy produce.*)

4. Display Visual 4. Ask students what costs would be involved in barter. (*A farmer would give up one good in exchange for another. Time would be spent taking goods to a marketplace or neighboring farm. Risk would be involved in assuming that others would produce your family wants.*) Ask students what incentives they can see for subsistence farmers to barter with other farmers and (if possible) the local mercantile store. (*Greater variety of food could be obtained through less expenditure of labor and resources.*)

5. Divide the class into groups of four students. Give each group copies of Activities 1, 2, 3, and 4. Ask the groups to assign a farm (from Activity 2) to each member in a given group (one student leads the Anselm farm, one the Smith farm, and so on). Using the table of farm chores and the list of questions on Activity 1, the students decide how each farm will specialize and barter with other farmers. Tell students that each family has six members. Each group wants its members to gain from the specialization and barter.

6. Ask students to answer the questions on Activity 4.

QUESTIONS AND ANSWERS FOR ACTIVITY 4

1. If you do not trade with your neighbors, what will your daily diet be? Will you be able to meet all the needs of your family and farm animals if you do not trade? (*Students' answers should refer to the products from the individual's farms only. For example, the Kriegers could have cornbread and butter, salt pork, applesauce, and milk. They could not have ham [no smokehouse], eggs [no chickens], vegetables, etc.*)

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2. On your farm, which crops will have surpluses (more than your family consumes)? *(Surpluses can be estimated by students, rather than calculated specifically in every case. The Kriegers have enough pigs to feed their family of six, but no surplus. They will have surplus corn, since they chose to use 16 acres to feed the family and pigs. Some of the surplus corn would be used to feed the three cows, unless the Kriegers decide to trade their surplus corn for preferred hay and alfalfa.)*
3. Which of your neighbors have surpluses of crops or foods or services that you might like to have? Do they have an interest in your surplus crops or foods or services? *(To answer this question, students should compare their individual answers to 2. The Kriegers have surplus corn, and the Jenkinses have surplus hay and alfalfa, plus walnuts and a smokehouse. The Jenkinses wish to have additional corn to feed their pigs; by bartering, the Kriegers can get hay and alfalfa, walnuts, and access to the smokehouse (thus improving their meals and the health of their cows) and the Jenkinses can get more corn (to eat themselves or feed their pigs fully.)*

(Because many possible bartering combinations exist, there is no single, correct way for the four farms to exchange goods, but students should have every farm family striving to improve its conditions through barter.)

4. Do you think that barter will require the skills of an adult, or could a responsible child accomplish the work? Could the child accomplish the delivery and exchange if an adult had previously arranged the terms of the exchange? *(Children could [and did] help with the exchanges of barter, if the goods were fairly portable [eggs, vegetables, etc.]. Older children could also exchange larger goods [wagon loads of hay, for example].)*

5. Do you think you would decide to specialize in a crop and reduce your production of other crops or livestock? If so, which crop would you choose as your specialty? Why? *(Students' answers should suggest that specialization would be a sensible choice. They should select crop specializations that reflect the resources of the individual farms [for example, the Smiths would probably choose chicken farming, the Jenkins family would probably choose to raise pigs and/or milk cows]. Students should justify their choices of specialization by explaining that there is a surplus of the product [the Smiths already have 30 chickens and enough corn to feed more] and a demand [people often enjoy eggs].)*
6. Ask each group to report its plans to the class. Ask the class to discuss any variations in the reported plans as well as discuss the best alternatives offered. Was the egg producer correct in saying it was easier to get the food you wanted in the "old days" of farming? *(No. Diets were very limited when people could eat only what they produced.)*

CLOSURE

Ask students to answer the opening question: Why would you raise chickens if you didn't like eggs? Use three ideas from this lesson in your explanation. (a) You *specialize* in chickens to increase egg production; (b) you *trade* eggs to obtain more food and food you prefer to eggs; (c) you continue to do this because it is the lowest-cost way to obtain a variety of food.

How does this example help explain the growth of specialization in the U.S. economy? *(Increased specialization and trade led to economic growth and improved living standards.)* Invite students to make a list of other examples of specialization in the school and in careers.

Visual 1
**A CHICKEN FARMER'S
CONFESSION**

I hate eggs! Haven't eaten eggs for 20 years. Can't stand chickens either! Dirty, noisy critters. I'd like to go back to farming like it was done in the old days. Just raise food for yourself and eat what you like. But, I've been an egg producer all my life, guess I'm stuck with it. I think I was born in the wrong time. I'd have been happier living and eating in 1830.

Visual 2
A DAY'S MENU ON THE
SUBSISTENCE FARM
MIDWEST, 1830

BREAKFAST	Cold cornbread Cold salt pork ¹
LUNCH	Hot cornbread or Johnny cakes (pancake-like cornbread) Cold salt pork Turnips, beets, or cabbage
SUPPER	Hot cornbread or Johnny cakes Hot salt pork Gravy made from ham drippings, flour, and water (called "red- eye gravy") Turnips, beets, or cabbage

¹ Salt pork is made from the fattier parts of a hog, which are cured through contact with large amounts of salt.

Visual 3

A DAY'S MENU FOR FARMERS USING SPECIALIZATION AND BARTER, MIDWEST, 1830

BREAKFAST	Cold cornbread with butter Cold applesauce Cold smoked ham Milk
LUNCH	Hot cornbread or Johnny cakes with butter Cold smoked ham Turnips, beets, cabbage, carrots, or beans Fried eggs Apple pandowdy (a deep-dish apple dessert with a biscuit topping) Milk
SUPPER	Hot cornbread or Johnny cakes with butter Hot smoked ham in a flour-and-drippings gravy Turnips, beets, cabbage, carrots, or beans Walnut cake (leavened with eggs), served with clotted (thickened) cream Milk

Visual 4 BARTER

DEFINITION: To trade by exchange of commodities (goods or products) rather than by use of money.

EXAMPLES: Exchange five bushels of apples for a load of hay.

Exchange two pounds of butter for two dozen eggs.

Exchange five bushels of unshelled walnuts for three days' use of a smokehouse.

Exchange seven hours of farm labor for a bushel of vegetables.

LESSON THREE

Name _____

Activity 1

USES OF FARM PRODUCTS AND FARM CHORES

Directions: Examine the map on Activity 2. Assign each member of your group to represent one family — the Smiths, Kriegers, Jenkinses, or Anselms. Each family has six members. Your goal is to produce as much food as possible to improve the diets of each family. To do this, each family should specialize in its food production and trade its surplus with the other families. Examine the information which follows about use of farm products and farm chores and compare this to the resources held by each family. Your task is to decide what products each farm should produce. You can improve the total production through specialization and barter in a variety of ways. Use the questions on Activity 4 to help guide your decisions. The amounts and times are not accurate.

USES OF FARM PRODUCTS

1 acre of corn will feed a pig, 10 chickens, or a person for a year.

3 acres of hay or alfalfa will feed a milk cow for a year.

10 pigs will feed a family of 6 for a year.

1 milk cow will feed a family of 4 for a year.

FARM CHORES

Maintaining and milking a cow requires 2 hours of labor per day.

Maintaining chickens and collecting eggs requires 2 hours of labor per day.

Maintaining an orchard and harvesting apples requires $\frac{1}{2}$ hour per day (averaged over an entire year), but it will take 5 to 10 years before an orchard produces large amounts of fruit.

Churning butter requires an average of 1 hour per day.

Growing turnips, beets, and cabbage requires $\frac{1}{2}$ hour per day (averaged over an entire year).

Growing peas and carrots requires $\frac{1}{2}$ hour per day (averaged over an entire year).

Traveling 2 miles (total) requires 1 hour.

Chopping wood to operate a smokehouse requires $\frac{1}{2}$ hour per day (averaged over an entire year).

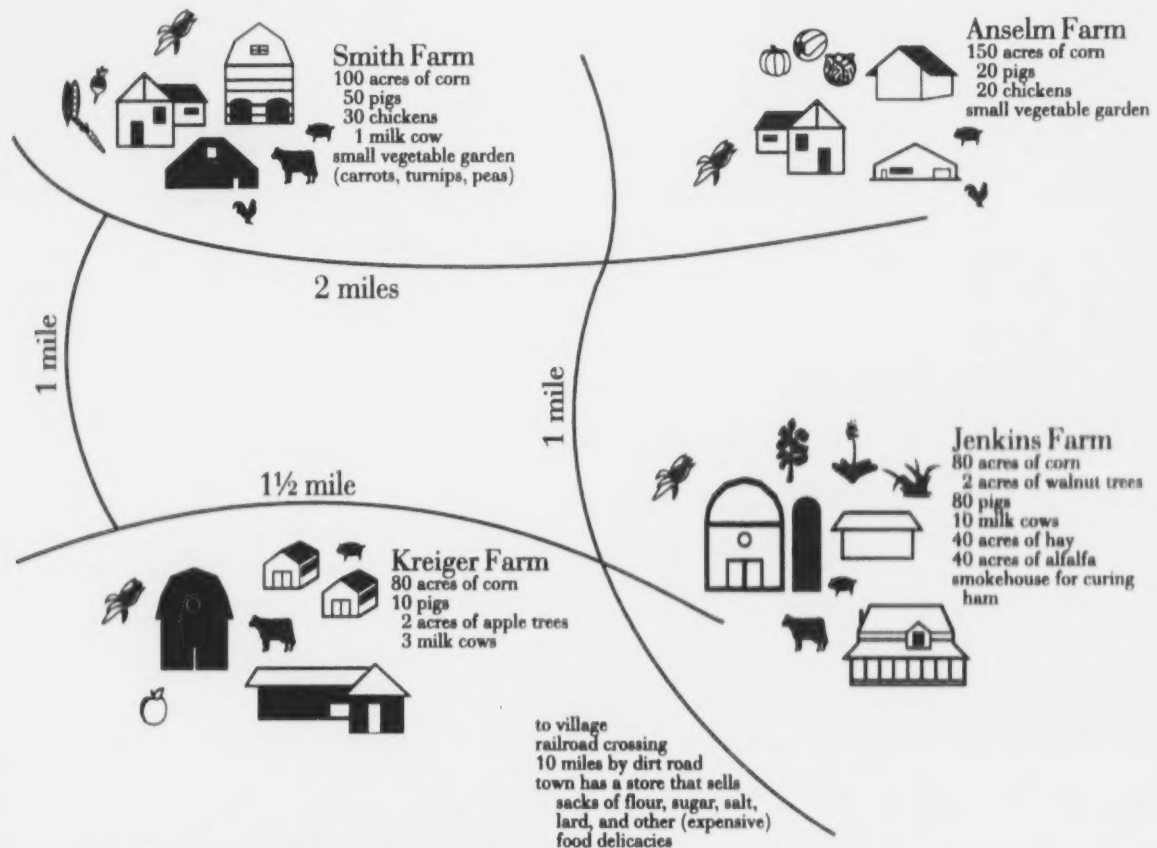
Note: The local store will accept corn, butter, milk, apples, walnuts, and eggs in exchange for flour, sugar, salt, and lard. The storekeeper then sells the food to village residents.

LESSON THREE

Name _____

Activity 2

A MAP OF A RURAL FARMING AREA IN THE MIDWEST, CIRCA 1840



Note: Pigs thrive on corn mash and other food scraps!!

BEST COPY AVAILABLE

LESSON THREE

Name _____

Activity 3

A DAY'S MENU ON THE SUBSISTENCE FARM MIDWEST, 1830

BREAKFAST	Cold cornbread Cold salt pork ¹
LUNCH	Hot cornbread or Johnny cakes (pancake-like cornbread) Cold salt pork Turnips, beets, or cabbage
SUPPER	Hot cornbread or Johnny cakes Hot salt pork Gravy made from ham drippings, flour, and water (red-eye gravy) Turnips, beets, or cabbage

¹ Salt pork is made from the fattier parts of a hog, which are cured through contact with large amounts of salt.

LESSON THREE

Name _____

Activity 4

QUESTIONS

Directions: Read the following questions; use the information on Activities 1 and 2 to formulate appropriate responses.

1. If you do not trade with your neighbors, what will your daily diet be? Will you be able to meet all the wants of your family and farm animals if you do not trade?
2. On your farm, which crops will have surpluses (more than you require to feed your family and/or your farm animals)?
3. Which of your neighbors have surpluses of crops or foods or services that you would like to have? Do they have a need for your surplus crops or foods or services?
4. Do you think that barter will require the skills of an adult, or could a responsible child accomplish the work? Could the child accomplish the delivery and exchange if an adult had previously arranged the terms of the exchange?
5. Do you think that you would decide to specialize in a crop and reduce your production of other crops or livestock? If so, which crop would you choose as your specialty? Why?

LESSON FOUR

WHO SHOULD MAKE THE FOOD SAFE?

INTRODUCTION

History In the 18th and 19th centuries, most Americans produced their own food or obtained it directly from neighbors. While serious problems of food safety existed, individual Americans were usually in a position to monitor (or take responsibility for) the safety of what they ate. This changed during the 19th century as mass production and more efficient transportation systems developed, enabling producers to offer a wide variety of new retail goods to Americans. Although the process was gradual and occurred at varying rates depending on the region of the country involved, most Americans by the 20th century regularly bought most of their food and medicine from retail merchants.

While food supplies were, on average, becoming more regular and more safe, consumers knew less about their food's origin and were less able to monitor its safety. Markets became depersonalized. The change brought more abundant, less expensive food to U.S. citizens, but it also brought new concerns that the food might not be disease-free.

To help ensure safe food, Congress passed the Meat Inspection Act and the Pure Food and Drug Act. Then it created the Food and Drug Administration in 1928 to enforce food safety laws. Lobbyists for the consuming public and several major food manufacturers supported these laws, while small businesses specializing in food production tended to oppose them. (For an in-depth analysis of this issue, see "The Rise of the Chicago Packers and the Origins of Meat Inspection and Antitrust," *Economic Inquiry* 30[April 1992], pp. 242-62.)

Economic Reasoning How did food producers and consumers approach the issue of food safety? They paid attention to incentives, including their interest in food safety, and to the imperfect information they had at their disposal.

Food manufacturers were competing for customers on the basis of price and quality. They could keep production costs down by minimizing their attention to hygiene and safety conditions in the factories. Producers also preferred fewer com-

petitors in the market so that they could sustain higher food prices.

Consumers preferred the low prices and more abundant food, but they also worried because the low hygiene levels increased their risk of exposure to tainted food. Mass production and distribution increased the risk of exposure to tainted food because one bad production batch in 1920 could affect more people than one bad production batch could have in 1820.

Competition among producers encouraged safe, clean food production — but only if consumers could clearly identify the producer of the food. Many products like meat were generic, and it was difficult for the consumer to be well informed about the origins of each food item.

Even though the new laws increased the cost of production for all producers, large producers tended to favor government food inspection and sanitary regulation while small producers usually opposed the legislation. Inspection enhanced the credibility of large producers' products, made it easier for them to export food to other countries, helped them avoid multiple inspection laws in individual states, and gave them production-level information about their business rivals.

Small producers of food opposed the new legislation. Their production levels were low, so safety regulation and inspection costs represented a large increase in their average costs. And, since the new procedures might not increase sales, the small producers anticipated little benefit in return for a sharp increase in production costs. The higher costs drove some competitors out of the market.

CONTENT STANDARDS

- ◆ Economic incentives, including the desire to achieve financial or material gain and to avoid loss, are powerful motivating forces.
- ◆ Public policies involve economic and political choices and are influenced by positive and normative concepts as well as by the actions of interest groups.

LESSON FOUR

CONCEPTS

- Cost
- Competition
- Incentives
- Government regulation

OBJECTIVES

1. Explain how increased costs influence the choices of business managers.
2. Apply the concept of incentives to explain the behavior of consumers and producers.
3. Use a supply-and-demand relationship to predict changes in a market for food.

LESSON DESCRIPTION

Students role-play, participate in a class discussion, and analyze a graph depicting changes in a market to gain insight into ways in which government regulations affect the behavior of producers.

TIME REQUIRED

- ◆ One to two class periods

MATERIALS

- | | |
|-------------------------------------|--|
| Visual 1 | The Meat Inspection Act |
| Visual 2 | Changes in the Food Market |
| ☐ Activity 1 | Excerpt from <i>The Jungle</i> |
| ☐ Activity 2 | A Response to <i>The Jungle</i> |
| ☐ Activity 3 | Role-Play Statements Regarding Food Safety Legislation |

PROCEDURE

1. Ask students to remember the last time they ate at a fast-food restaurant. Ask: Did you enjoy your meal? How did you know the food was safe to eat? Do you know who works there? (*During the discussion, students will usually conclude that there is some risk, but they are not too concerned. Competition and government inspection provide some protection. A food producer does not want the reputation of producing bad food. Some food is inspected by federal government employees, and meat is stamped with the inspection seal.*)

2. Explain that this lesson investigates how the food safety issue was addressed early in the 1900s. During the Spanish-American War there was a great public scandal over "embalmed meat," when meat said to be tainted was sold to the U.S. Army and fed to soldiers. Other news examples also surfaced about bad food, and in 1906 Upton Sinclair published a widely read book on the unsanitary production of meat. It even got the attention of President Theodore Roosevelt. Distribute Activity 1 and read aloud the excerpt from *The Jungle*. Ask the class to discuss the questions on Activity 1. Distribute Activity 2 and repeat the procedure.

QUESTIONS AND ANSWERS FOR ACTIVITY 1

1. What problem is described here? (*Unsanitary production methods will produce food that is dangerous to eat.*)
2. Why don't consumers just avoid this poorly made food? (*It looks the same as the good food. It would cost individual consumers a great deal to inspect every food factory by themselves.*)
3. Why don't the factory managers improve the sanitary conditions in the factories? (*Apparently they expected little or no gain from sanitary production.*)
4. Might Sinclair have had incentives to write a scandalous report? (*The book was fictional and brought the author a great deal of attention.*)

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. Do you think that the author of this story believed the meatpackers' claims that there were no unsanitary conditions in their factories? (*No. The sarcasm is obvious.*)
2. If you had read *The Jungle*, then heard that the meatpackers were denying its charges, and then read this satire, would you be more likely or less likely to support stronger government regulations in the meatpacking plants? (*More likely.*)

LESSON FOUR

3. Newspapers need to please their readers to sell papers. Did the journalists at the *New York Times* think that their readers doubted the meatpackers' claims about sanitary conditions in the factories? *(Yes. It would want to print items customers wish to read and agree with.)*

3. Explain that the class is going to evaluate a proposal to hire inspectors to ensure food safety. Distribute Activity 3 and invite the students to respond to the questions in order to predict who will support and who will oppose the new law.

QUESTIONS AND ANSWERS FOR ACTIVITY 3

1. Which speakers are in favor of bad meat? *(None.)*
2. Which speakers are in favor of safe meat? *(Everyone.)*
3. Which speakers are in favor of meat inspection and more sanitary conditions? *(Everyone but the butcher.)*
4. Who opposes the new regulations? *(Only the butcher.)*
5. Which speakers expect to pay higher costs for the inspection and sanitary conditions? *(Everyone.)*
6. Which speakers expect the costs of this proposal to be greater than the benefits? *(Only the butcher.)*
7. Which speakers expect the benefits of the proposal to be greater than the costs they will have to pay? *(Everyone but the butcher.)*
8. Is the law likely to be passed? *(Yes. Congressional representatives will have a strong incentive to support it. Many groups expect to benefit, and only one small group has to be alienated.)*

4. Display Visual 1 and read aloud the excerpts of the Meat Inspection Act. Discuss the questions which accompany Visual 1. Then ask: Will the law

cause food production costs to rise? *(Yes. Costs for producers will rise as they attempt to improve hygiene and safety in the factories. Firms that cannot cover their increased costs will go out of business — even if their food is safe to eat.)*

QUESTIONS AND ANSWERS FOR VISUAL 1

1. If meatpackers had previously herded animals directly from railroad cars into pens, and from the pens into the factories, what changes will this law require them to make? *(They will need to create areas where individual animals can be isolated, controlled, and inspected; these areas will have to be constructed and maintained, creating initial construction costs and then ongoing maintenance costs.)*
2. The law does not require the inspectors to capture and control the animals during inspections, so this task will be the responsibility of the meatpacker. What costs will this probably create? *(Workers employed by the meatpackers will have to control the animals for inspection, and their employers will have to pay them wages for this labor. The employers will either have to hire new workers to do this job, or shift workers from other jobs to the inspection site and hire replacements for those workers.)*
3. The law does not require the Bureau of Animal Industry to destroy the diseased carcasses and parts, so this task will be the responsibility of the meatpacker. What costs will this probably create? *(Some means of destruction — perhaps the use of an incinerator or burial site with trenches — will have to be created. The meatpackers will pay construction and maintenance costs. Workers, again, will have to be assigned to this task, and the meatpackers will have to hire new employees to do the work done previously by workers now assigned to destruction tasks.)*

5. Display Visual 2. Is this graph consistent with your analysis of the impact of the Meat Inspection Act? *(Yes. Costs rise, reducing the supply of manufactured*

LESSON FOUR

food, partially due to fewer producers; the market clearing price rises, and consumers pay more for their food; but safety improves.)

QUESTIONS AND ANSWERS FOR VISUAL 2

1. The supply curve changes from S_1 to S_2 . What happened to the supply? *(At every price, less food is produced than before at those same prices, so the supply has been reduced.)*
2. How has the market clearing price changed? *(The price has gone from P_1 to P_2 . People will be paying more for the food.)*
3. How much food will be sold in the market after the price change? *(The amount purchased and the amount sold will decline Q_1 to Q_2 .)*
4. Will consumers have to pay more for their food after this law is passed? *(Yes, but for their money they will also now be buying government inspection services and better sanitary facilities.)*
5. Will some firms have to reduce their production or drop out of the food production business? *(Yes. Those firms that cannot make food for less than P_2 will have to drop out of this business.)*

CLOSURE

Ask the students to consider who would oppose and who would favor other attempts by the government to make life safer for everyone — for example, by requiring air bags in automobiles and nonbreakable toys for children. *(Producers of autos and toys would oppose new requirements that increase their costs without changing their ability to cover that cost with increased sales revenue. Consumers who wish to make their own decisions on how safe their cars and toys have to be might also oppose new requirements.)*

Ask the students to consider current examples of public safety issues. Who would favor and who would oppose regulations to require childproof caps for medicine bottles? *(Oppose: Producers of medicine bottles who bear increased costs and gain no increased sales to cover the costs. Consumers of medicine — often senior citizens — who find childproof caps difficult to manipulate. Favor: Producers who can spread the costs over large production levels and benefit from the resulting decrease in the number of producers in the marketplace. Parents and children who feel at risk with medicine containers that are easily opened.)*

Visual 1

THE MEAT INSPECTION ACT

Paraphrased excerpt from the 1906 federal law [59th Congress, Session I, Ch. 3919] that established the Bureau of Animal Industry — a law often called the "Meat Inspection Act":

For the purpose of preventing the use in interstate or foreign commerce of meat and meat food products which are unsound, unhealthful, unwholesome, or otherwise unfit for use as human food, the Secretary of Agriculture may order inspectors to examine and inspect all cattle, sheep, swine, and goats before they shall be allowed to enter any slaughtering, packing, meat-canning, rendering, or similar establishment; and all cattle, swine, sheep, and goats found on such inspection to show symptoms of disease shall be set apart and slaughtered separately from all other cattle, etc. When so slaughtered, the carcasses of the diseased cattle, etc., shall be subject to a careful examination, and all carcasses or parts of carcasses that are thus inspected and condemned shall be labeled, marked, stamped, or tagged as "Inspected and condemned" and shall be destroyed for food purposes by the establishment [meatpacker] in the presence of an Inspector.

QUESTIONS FOR DISCUSSION

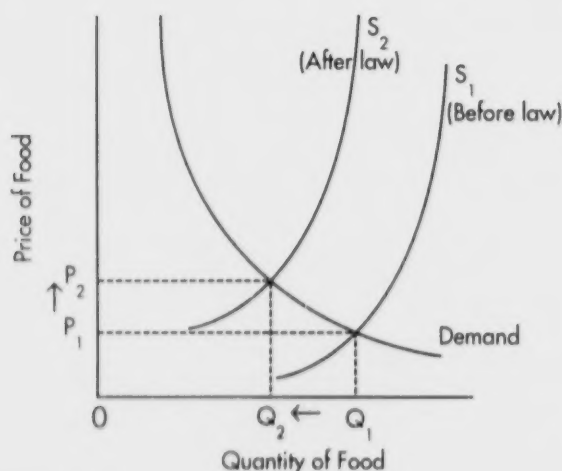
1. If meatpackers usually herded animals directly from railroadcars into pens, and from the pens into the factories, what changes will this law require them to make?
2. The law does not require the inspectors to capture and control the animals during inspections, so this will be the responsibility of the meatpacker. What costs will this probably create?
3. The law does not require the Bureau of Animal Industry to destroy the diseased carcasses and parts, so this will be the responsibility of the meatpacker. What costs will this probably create?

Visual 2

CHANGES IN THE FOOD MARKET

A new law requiring firms to spend money on costs they had not previously been paying for will cause a change in the market. Economists define this change as a shift in supply. Increased costs make it more expensive for producers to produce as much as they did before. Some producers drop out of the market because of the higher costs. The graph below shows how the new cost will affect the market if no other changes occur.

FOOD PRODUCTION



QUESTIONS FOR DISCUSSION

1. The supply curve changes from S_1 to S_2 . What happened to the supply?
2. How has the market clearing price changed?
3. How much food will be sold in the market after the price change?
4. Will consumers have to pay more for their food after this law is passed?
5. Will some firms have to reduce their production or drop out of the food production business?

LESSON FOUR

Name _____

Activity 1

EXCERPT FROM *THE JUNGLE*

"IT SEEMED AS IF EVERY TIME YOU MET A PERSON from a new department, you heard of new swindles and new crimes. There was, for instance, a Lithuanian who was a cattle butcher for the plant where Marija had worked, which killed meat for canning. . . . there were cattle which had been fed on whiskey-malt, the refuse of the breweries, and had become what the men called steerly — which means covered with boils. It was a nasty job killing these, for when you plunged your knife into them they would burst and splash foul-smelling stuff into your face. . . .

"Other men . . . worked in tank-rooms full of steam, and in some of which there were open vats near the level of the floor, their peculiar trouble was that they fell into the vats; and when they were fished out, there was never enough of

them left to be worth exhibiting . . . sometimes they would be overlooked for days, till all but the bones of them had gone out to the world as Durham's Pure Leaf Lard!"

From Upton Sinclair, *The Jungle* (Urbana: University of Illinois Press, 1988), pp. 94, 96.

QUESTIONS FOR DISCUSSION

1. What problem is described here?
2. Why don't consumers just avoid this poorly made food?
3. Why don't the factory managers improve the sanitary conditions in the factories?
4. Might Sinclair have had incentives to write a scandalous report?

LESSON FOUR

Name _____

Activity 2

A RESPONSE TO *THE JUNGLE*

WHEN UPTON SINCLAIR'S *THE JUNGLE* APPEARED IN 1906, its descriptions of meatpacking plants were rebutted by many packers. The *New York Times* (July 8, 1906) offered an intentionally exaggerated "example" of the factory conditions that the packers described in their rebuttals:

Jurgis and his companions then sat on chairs that were arranged in a circle. In front of each was fixed a telescope, connected with an X-ray apparatus, and fitted with magnifying lenses of tremendous power. The twenty-five telescopes all pointed at a small space in the middle of the floor, upon which a little platform revolved slowly. On this platform a ham dropped presently from an opening in the ceiling of the room. Jurgis and his twenty-four fellow-spotters immediately turned on the X-rays, glued their eyes to their telescopes, and minutely examined the ham as it slowly revolved before their eyes. . . . This went on all day. Whenever one of the spotters detected something wrong with a ham, he shouted: "Spotted" at the top of his lungs,

whereupon the Head Spotter would immediately scoop up the ham. . . . Jurgis began to appreciate the worth of a country that could have such cleanliness in its food-producing plants.

QUESTIONS FOR DISCUSSION

1. Do you think that the author of this story believed the meatpackers' claims that there were no unsanitary conditions in their factories?
2. If you had read *The Jungle*, then heard that the meatpackers were denying its charges, and then read this satire, would you be more likely or less likely to support stronger government regulations in the meatpacking plants?
3. Newspapers need to please their readers in order to sell papers. Did the journalists at the *New York Times* think that most readers doubted the meatpackers' claims about sanitary conditions in the factories?

LESSON FOUR

Name _____

Activity 3

ROLE-PLAY STATEMENTS REGARDING FOOD SAFETY LEGISLATION

CONGRESSMAN HATHAWAY

The issue of food safety is of great concern to me. I have read Upton Sinclair's book *The Jungle* and agree that the food industry is a national disgrace. My constituents have the right to buy and eat food that is safe for consumption. Much of the meat in the marketplace is tainted. The canned foods are often improperly sealed or not heated properly in the factory to kill all the bacteria that produce food poisoning. I propose a new law that requires food producers to upgrade all their production facilities to include the latest, most modern sanitary measure and that the facilities be inspected by a government employee on a regular basis to see if the producer meets safety standards. This law will guarantee that pure, wholesome food will be delivered to the American consumer every day.

JEFF HEREFORD

Large Meatpacking Firm (MEATS "R" US) Representative

Our firm supports Congressman Hathaway's food safety proposal but disavows his prejudiced statements. He knows Upton Sinclair's allegations were discredited by a Congressional investigation this year. All the big meatpacking firms — Armour, Swift, Morris, and Hammond — have private quality controls. We must protect our brand name or our business dies, so we make certain no bad meat is ever sent to the consumer by our firm. The other meatpackers do the same. It is the small butchers and the local competitors — who ignore safety with open-air facilities — who give us all a bad name.

Our operation is growing every year. We now do \$2 million of sales every year in the United States and five other countries, and we expect to do more, but our growth is hampered by bad publicity about unsafe food. Our food is safe, but we get tarred by the charges made against unsafe food producers. It is in

the best interests of the whole industry to support this bill to improve the public trust in our work. We will gladly bear the extra costs, and our cost will be even higher than that of any butcher shop. It will cost us \$10,000 to upgrade our facilities. Yet we believe it is in the best interests of the American public and the food industry to have the United States government ensure safe food in the marketplace. We must have an orderly, controlled marketplace with sanitary conditions in our factories and carefully inspected food going to consumers.

BUTCHER VERHUEL

My family has had our local butcher shop for 50 years. We don't need government inspectors to tell us if our meat is safe or not. Our customers will keep us honest on that score. If we didn't give them good meat they would not come back to buy more. This new law will just require everyone to pay more taxes and allow the government to hire more people, but the food will be the same. After all, how clean do facilities have to be? We don't run a hospital. Just because we do our work in open-air areas doesn't mean the meat spoils. What harm can a few flies do to a piece of beef? Besides, the law ignores the biggest problem in meat production. Big companies like MEATS "R" US cause meat to go bad by refrigerating it.¹ Everyone knows refrigerated meat is unhealthy to eat. Big companies also attempt to fix prices by forcing competitors like me out of business. Why doesn't the law deal with those problems? This proposed law is sanitary overkill. It will cost me \$5,000 to upgrade my facilities. My business sold only \$5,000 worth of meat last year. Most of that money went to pay my costs. New "healthy facilities" will not increase my sales. How can I pay for these changes? I'll just have to go out of business.

This law will just strengthen the monopoly of the big meatpackers in this country. Before they couldn't keep their cartel together because they had no way of recording how much meat each company was producing and selling, so they couldn't keep companies from cheating on their quotas. Now with this law everyone has to report their production and sales figures. That means firms can engage in pooling and market-sharing arrangements with excellent assurance that no firm could cheat on the sale-share agreements. You won't get safe food. You will get monopoly food.²

LESSON FOUR

CONSUMER BRADBURY

I applaud the Congressman's proposal. We must improve food safety in this country. I go to the general store and buy my canned food, produce, and meat. This food comes from all over the country. The store owner and I can't check on how long the meat producers let the meat sit in their warehouses. We don't know if the canner kept the water temperature hot enough in the canning process to kill all the bacteria. Producers know they don't have to be safe because no one knows whom to blame for the bad food. We need some help in this area. It would help everyone if someone was in charge of making the food safe for our use. A small increase in taxes or food prices is OK by me if I know everyone is paying for it and I can be confident the food I buy is safe to eat.

QUESTIONS FOR DISCUSSION

1. Which speakers are in favor of bad meat?
2. Which speakers are in favor of safe meat?
3. Which speakers are in favor of meat inspection and more sanitary conditions?
4. Who opposes the new regulations?
5. Which speakers expect to pay higher costs for the inspection and sanitary conditions?
6. Which speakers expect the costs of this proposal to be greater than the benefits?
7. Which speakers expect the benefits of the proposal to be greater than the costs they have to pay?
8. Is the law likely to be passed?

¹The controversy over refrigerated meat was a serious issue at this time. Refrigeration had only recently become a useful technology, and many butchers viewed it with suspicion.

²This point about pooling arrangements is expressed in Gary Walton and Hugh Rockoff, *History of the American Economy*, 7th ed. (New York: Dryden Press, 1994), p. 461.

LESSON FIVE

THE BUFFALO ARE BACK

INTRODUCTION

History For centuries, millions of buffalo roamed North America. At the end of the Civil War about 15 million buffalo roamed the Great Plains. By 1890, only about 150 were left. What happened to the others? The building of the railroad brought a huge number of hunters who slaughtered the buffalo for meat, hides, and sometimes just for sport. By the mid-1990s, however, the number of buffalo had climbed to about 140,000 and seemed likely to continue increasing. Why did the buffalo come back?

Economic Reasoning With some important exceptions, the incentives encouraging people to slaughter buffalo were similar for both the Plains Indians and white hunters. People desired the products that buffalo provided — meat and clothing. Since no one owned the buffalo, however, there was little incentive to preserve them. No property rights attached to living buffalo. A buffalo not destroyed by one group could simply be destroyed by another. Only after a buffalo was killed were property rights established.

Today, people once again are interested in buying buffalo meat. The buffalo being slaughtered for meat today, however, are privately owned. Owners of buffalo, in response to the wishes of consumers, are expanding the size of their buffalo herds.

CONTENT STANDARD

- ◆ Private ownership of property is a basic institution in a market economy; property rights are defined, enforced, and limited through the process of government.

CONCEPTS

Incentives
Property rights

OBJECTIVES

1. Identify property rights as an important incentive.

2. Explain the characteristics of private property; include adequate definition, enforcement, and transferability.

3. Explain how private property rights provide incentives for conservation.

LESSON DESCRIPTION

Students participate in a class discussion about the demise of the buffalo. They work in small groups to examine the incentives related to conserving the buffalo.

TIME REQUIRED

- ◆ One class period

MATERIALS

Visual 1	The Tragedy of the Buffalo
Visual 2	The Buffalo Population, 1870–1889
Visual 3	Buffalo Population, 1995
Visual 4	The Buffalo Are Back
Visual 5	The Wildlife Mystery
□ Activity 1	Private Property: A Powerful Incentive

PROCEDURE

1. Explain that the purpose of this lesson is to explore the reasons for the demise of the buffalo late in the 19th century and its return late in the 20th century.

2. Display Visual 1, The Tragedy of the Buffalo. Invite students to speculate on reasons the buffalo nearly became extinct while beef cattle did not.

3. Display Visual 2, The Buffalo Population, 1870–1889. Ask:

What trend do you observe in the buffalo population following 1870? (*A steady decrease.*)

What were the years of greatest decline? (*From 1870 to 1875, the population declined by 13 million.*)

LESSON FIVE

4. Distribute Activity 1, Private Property: A Powerful Incentive. Divide the class into groups and ask them to record their responses to the Questions for Discussion.

5. When the groups have completed their work, discuss the questions from Activity 1. Ask:

Explain how property rights create incentives. *(Property rights allow people to benefit from the things they own.)*

Name one thing you own which you have an incentive to protect. *(Accept a variety of responses.)*

Explain the three characteristics which explain why property rights act as strong incentives. *(Definition: clearly marked ownership. Enforcement: enforcement of property rights. Transfer: property owners must be able to transfer their property to others.)*

What incentives influenced Native Americans and whites once a buffalo had been killed? *(The benefits were well defined — Native American hunters, for example, made the decision about how to use the best parts of the animal. Similarly, whites recognized that ownership rights belonged to the hunter or to those for whom the hunter was working.)*

What incentives encouraged Native Americans and whites to keep the buffalo alive? *(Native Americans faced few incentives to conserve the buffalo. If a hunter from one group did not shoot a buffalo, one from another group might. Moreover, others might be enemies. Whites similarly faced few incentives. Since no one owned the buffalo, there was little incentive to hold back on the killing. Improved transportation and rifles made it possible for white hunters to kill more buffalo more quickly and in larger numbers than the Native Americans could.)*

6. Display Visual 3, Buffalo Population, 1995. Ask the students to speculate on why the population of privately owned buffalo is increasing. Encourage them to imagine incentives that might encourage the private production of buffalo.

7. Display Visual 4, The Buffalo Are Back. Ask:

Why are people interested in consuming more buffalo meat? *(Buffalo is an attractive meat for health-conscious people.)*

CLOSURE

Review the key points of the lesson. Ask:

Why was the buffalo overhunted by Native Americans and whites? *(Since no one owned the buffalo, there was little incentive to protect them.)*

What are the three characteristics which make property rights strong incentives? *(Definition, enforcement, and transferability.)*

Display Visual 5, The Wildlife Mystery. Ask class members to use their knowledge of the history of the American buffalo to speculate on what is happening to wildlife in parts of Africa.

Explain that the people of the Zimbabwe River Valley have an incentive to protect the wildlife among them. They are able to harvest a specified number of animals legally, sell the animal products at market prices, and retain most of the proceeds. This legal harvest has helped make the local people better off. As a result, they wish to preserve the animals and protect them from poachers who would harvest the animals illegally.

Visual 1

THE TRAGEDY OF THE BUFFALO

Throughout history, people have used livestock for many purposes — food, tools, and clothing.

Most often, people preserve the animals on which they depend. Today, for example, Americans face no shortages of beef cattle or chickens.

Native Americans and whites depended on the buffalo for food and clothing much as we depend on beef cattle today. Yet, the buffalo nearly became extinct while beef cattle remained abundant.

Why would hunters destroy a population of animals they depend on?

Visual 2

THE BUFFALO POPULATION, 1870-1889

Year	Number of Buffalo
1870	14,000,000
1871	12,400,000
1872	7,500,000
1873	2,500,000
1874	1,500,000
1875	1,000,000
1876	700,000
1877	600,000
1878	525,000
1879	455,000
1880	395,000
1881	325,000
1882	245,000
1883	160,000
1884	70,000
1885	20,000
1886	5,000
1887	1,000
1888	500
1889	150

Source: F. G. Roe, *The North American Buffalo* (Toronto: University of Toronto Press, 1951), p. 490.

Visual 3

BUFFALO POPULATION, 1995

GOVERNMENT-MANAGED BUFFALO

- Today about 10,000 buffalo live in herds managed by the government.
- The buffalo population on government land is kept at a steady level.

PRIVATELY OWNED BUFFALO

- Buffalo on private ranches are estimated to total 110,000–130,000.
- From 1990 to 1994, privately owned buffalo have been increasing at about 25 to 30 percent per year.
- Why are the buffalo back?

Visual 4

THE BUFFALO ARE BACK

Private producers of buffalo are building up herds in order to produce meat increasingly desired by health-conscious consumers.

BUFFALO MEAT

- Contains about 4 percent more protein than domestic beef
- Has half the calories of beef
- Has 45 percent less cholesterol than beef
- Has 2.5 milligrams of fat per 100 grams — less fat than cod
- Tastes good to many people who eat meat

Buffalo meat is an appealing food for many health-conscious people.

Visual 5

THE WILDLIFE MYSTERY

- The ivory, skin, and horns of some African animals command high prices in illegal markets.
- Populations of elephants and other animals are severely threatened in many African nations.
- Yet, in the Zimbabwe River Valley, thousands of elephants, cape buffalo, lions, impala, and warthogs thrive in harmony with the local population.

Why?

LESSON FIVE

Name _____

Activity 1

PRIVATE PROPERTY: A POWERFUL INCENTIVE

Directions: Read the information below and respond to the Questions for Discussion.

Historically, societies have often granted individuals private property rights as an incentive to encourage people to be productive and responsible. Private property rights provide incentives in that they allow people to benefit directly from the things they own. For example, people who own and live in their own homes anticipate that the value of their homes will increase over time. Because of this expected benefit, they are likely to take better care of their homes and yards than are renters. For similar reasons, car owners are likely to take better care of their cars than are car renters. Cattle owners are likely to take better care of their cattle than of cattle owned by no one.

CLEAR PROPERTY RIGHTS

Private property rights are powerful incentives when they meet three tests: definition, enforcement, and transfer.

1. *Definition:* Property rights create an incentive when they are clearly defined. Clear definition distinguishes owners from nonowners. We have invented many ways to mark ownership clearly. Cars are registered. Houses have deeds. Computers have serial numbers. Cattle have brands and are kept within fences. Each of these devices enables owners to demonstrate clearly defined property rights.

2. *Enforcement:* For property ownership to create an incentive, property rights must be enforced. Governments enforce property rights. Punishments must exist for people who steal or damage the property of others. Moreover, government itself must be prevented from illegally taking the property of its citizens.

3. *Transfer:* For property ownership to create an incentive, property owners must be able to transfer their property to others. So, for example, home owners may sell their houses and accept any profits or losses resulting from the sale.

THE INCENTIVE STRUCTURE FOR DEAD BUFFALO

Property rights help explain the demise of the buffalo. Unfortunately for the buffalo, property rights were clearly identified only after the buffalo were killed.

1. *Definition:* Native American hunters marked their arrows so that it would be clear who had killed a particular buffalo. The marked arrows gave the shooter rights to the best parts of the animal. Tribal members who were butchers also received a share of the animal as payment.

2. *Enforcement:* Rights to the buffalo were enforced by the group. Violations were punished.

3. *Transfer:* Shooters could decide how meat was to be used.

Whites faced a similar incentive structure. Ownership rights belonged to the hunter or to those for whom hunters worked. These rights were enforced — often by the hunters themselves. Hunters could transfer their property. They could sell the hides, meat, or tongues, or leave any part behind. An important difference was that the increasing white population and improved hunting technology encouraged whites to take vastly more buffalo.

THE INCENTIVE STRUCTURE FOR LIVING BUFFALO

Buffalo have a long history of abundance. In 1500 there may have been as many as 80 million buffalo roaming the Great Plains, with only a few thousand Native Americans hunting them on foot with bows and arrows. Buffalo were not scarce. The buffalo herds could reproduce themselves as fast as, or faster than Native Americans or predators could kill them.

By the 1700s, the Native Americans adopted new methods of hunting, using horses. Hunters became nomadic and could follow the buffalo herds. Horsemen as hunters and gatherers could gather meat and protect the food from other groups very effectively. Buffalo herds, however, still reproduced fast enough to maintain their numbers.

While the buffalo was plentiful, it was difficult for any one Native American group to establish property rights to living buffalo. The roaming buffalo were big, strong, and tough. They migrated

LESSON FIVE

across the plains from one Native American hunting territory to another. Unable to restrict these wanderers to establish ownership, Native Americans had little reason to conserve the buffalo. If a hunter from one group did not shoot a buffalo, one from another group might. Moreover, the others might be enemies. Native Americans in this context faced few incentives to preserve the buffalo.

Whites faced similar incentives. It was too expensive to fence in the herds, so it was difficult to establish property rights to living buffalo. Since no one owned the buffalo, there was little incentive to limit the killing. In fact, all the incentives seemed to favor killing the buffalo and no incentives encouraged protection. By the 1870s, better transportation encouraged more buffalo hunting. Wagons, buggies, and railroads were used to bring more and more hunters to the buffalo. Rifles made it possible for white hunters to kill more buffalo more quickly and in larger numbers than the Native Americans could kill. William F. Cody ("Buffalo Bill") and hunters like him hunted the buffalo to provide meat for crews

who were building the railroads. Buffalo hides became popular for making robes. Shooting buffalo to feed railroad crews became a profitable vocation. In such circumstances, it soon became apparent that the buffalo population could no longer reproduce itself fast enough to prevent its destruction.

QUESTIONS FOR DISCUSSION

1. Explain how property rights create incentives.
2. Name one thing you own which you have an incentive to protect.
3. Explain the three characteristics which make property rights strong incentives.
4. What incentives influenced Native Americans and whites once a buffalo had been killed?
5. What incentives encouraged Native Americans and whites to keep the buffalo alive?

LESSON SIX

WHY DON'T COWBOYS EVER RIDE INTO THE SUNSET?

INTRODUCTION

History From 1865 until 1890, raising cattle on the northern plains was a big business. America's rapidly growing eastern cities provided expanding markets for beef. Men like Charles Goodnight delivered cattle by the thousands to the Union Pacific Railroad to feed the construction crews. Cattle were driven on long drives to towns that grew up along the railroads — Abilene, Dodge City, and Wichita. Steers from Texas were driven north and sold in cattle towns for higher prices than in Texas.

Cattle were allowed to graze on open range, where they grew fat on the short but nutritious grass. But the tough winter of 1885 ended open-range grazing, and homesteaders increasingly fenced off pieces of what had been the open range. By the 1890s many ranchers owned grazing land of their own and fenced it in with barbed wire.

Economic Reasoning The Western historian William W. Savage Jr. observed that "historically, the cowboy was of little or no significance." The days of the cowboy — the long cattle drives from Texas to the cattle towns of Abilene and Dodge City — lasted only for 25 years. Yet, cowboy culture continues to exercise tremendous influence on television, movies, music, clothing, art, literature, and poetry, even in urban America. Why would a brief period of activity in a highly specialized market continue to influence people, years later, in environments far removed from the purple sage?

CONTENT STANDARDS

- ◆ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.
- ◆ Economic incentives, including the desire to achieve financial or material gain and to avoid loss, are powerful motivating forces.

CONCEPTS

Choice
Benefits
Costs
Incentives
Property rights

OBJECTIVES

1. Contrast the historical image of the West with the popular images.
2. Examine how popular images of the West provide incentives to producers and consumers.

LESSON DESCRIPTION

Students listen to an old Western tune and participate in a class discussion about cowboy life. They read a primary-source description about cowboy life. They work in small groups to examine why cowboys are still popular.

TIME REQUIRED

- ◆ One class period

MATERIALS

- | | |
|--------------|--|
| Visual 1 | Back in the Saddle Again |
| Visual 2 | Why Don't Cowboys Ever Ride into the Sunset? |
| □ Activity 1 | What Was Cowboy Life Like? |
| □ Activity 2 | Why Cowboys Will Never Die |

PROCEDURE

1. Explain that the purpose of this lesson is to help students learn why Americans, as well as people in Europe and Asia, are so attracted to the concept of the American West.

LESSON SIX

2. Display Visual 1, "Back in the Saddle Again." (If you can play guitar, you might want to sing the song for the class.) Explain that this song was made popular in the 1940s and 1950s by Gene Autry — the singing cowboy. Written by Autry and Ray Whitley, it was featured in the 1941 movie, *Back in the Saddle*, starring Autry. After the class has examined the lyrics to the song, ask:

What images of the West and the cowboy were presented in "Back in the Saddle Again"? (*The cowboy enjoys life under the stars, is a good friend, packs a gun, does the right thing, and believes in individual freedom.*)

How accurate do you think this image of the cowboy and the West really is? (*Accept a variety of responses.*)

3. Display Visual 2, Why Don't Cowboys Ever Ride into the Sunset? Invite the class to speculate on a variety of reasons why cowboys survive as important figures in American popular culture.

4. Distribute Activity 1, What Was Cowboy Life Like? Explain that the students are about to read a firsthand account of cowboy life written in 1882. Some of the language may seem unusual, but the students should be able to grasp the main ideas. Divide the class into groups and ask them to respond to the questions for discussion. When they have completed their work, ask:

What was cowboy life like, according to this account by Richard Irving Dodge? (*Wages were low. Working conditions included long hours in the saddle and very difficult work controlling the herd when grass and water were scarce; stampedes were difficult to control. Recreation in towns included drinking, fighting, and scaring the townspeople. Property rights were often violated—for example, sometimes cowboys stole the herd of cattle they were guarding when the owner was away.*)

5. Distribute Activity 2, Why Cowboys Will Never Die. Divide the class into groups and ask them to respond to the Questions for Discussion. Ask:

What was the early image of the cowboy? (*Cowboys had low-wage, low-skill jobs. They were often thought of as drunken rowdies who cheated and robbed.*)

What was the image of the West in the Buffalo Bill's Wild West shows? (*Accept a variety of responses. Answers might include cowboys portrayed as strong heroes defending the rights of others, highly skilled workers, rugged individuals, and independent individuals.*)

What is the evidence that the image of the West remains popular in the 1990s? (*Cowboy images are present in books, movies, television, clothing, music, dancing, and collectibles.*)

Why do people in the 1990s continue to purchase things associated with the West when we know that cowboys were people who did not amount to much historically? (*People are making choices. Producers and consumers believe that the benefits are worth the costs.*) (*People's decisions involve costs. Consumers and producers have alternative uses for their income. Resources used to produce and consume Western goods and services can not be used for other purposes.*) (*People respond to incentives. The goods and services consumers purchase may provide them with a sense of independence, adventure, strength, heroism, and intimacy with nature. Producers hope to increase sales revenues and make a profit by giving people what they want.*) (*The rules of our economy encourage providing people with what they want by permitting producers to keep income derived from their activity.*)

CLOSURE

Review the key points of the lesson. Ask:

What image of the cowboy emerges from historical accounts? (*A low-skill, low-wage worker who was known for being drunk and rowdy.*)

What image of the cowboy did Buffalo Bill portray? (*The West represents a sense of independence, adventure, strength, heroism, and intimacy with nature.*)

Why do people today continue to purchase things associated with cowboys who were little more than low-wage, low-skill workers, known to be drunken rowdies who cheated and robbed? (*Powerful incentives encourage producers and consumers to make and purchase goods and services associated with the West.*)

Visual 1

BACK IN THE SADDLE AGAIN

Gene Autry and Ray Whitley

I'm back in the saddle again,
Out where a friend is a friend,
Where the long-horned cattle feed,
On the lowly jimson weed;
I'm back in the saddle again.

Ridin' the range once more,
Totin' my old forty-four,
Where you sleep out every night,
Where the only law is right;
Back in the saddle again.

Whoopi ti yi yo,
Rockin to and fro,
Back in the saddle again.

Whoopi ti yi ya,
I go my way,
Back in the saddle again.

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QUESTIONS FOR DISCUSSION

1. What images of the West and the cowboy were presented in "Back in the Saddle Again"?
2. How accurate do you think this image of the cowboy and the West really is?

Visual 2

WHY DON'T COWBOYS EVER RIDE INTO THE SUNSET?

The western historian William W. Savage Jr. observed that, "historically, the cowboy was of little or no significance."

The days of the cowboy — the long cattle drives from Texas to the cattle towns of Abilene and Dodge City — lasted only about 25 years.

Yet, cowboy culture has tremendous influence on television, movies, music, clothing, art, literature, and poetry.

What accounts for people's continuing interest in cowboys when they made such a small contribution to our history?

Why is it that cowboys never really ride off into the sunset?

LESSON SIX

Name _____

Activity 1

WHAT WAS COWBOY LIFE LIKE?

Directions: Read the following passage. It is taken from a book by Richard Irving Dodge, published in 1882. Dodge was in the military and once served as an aide to William Tecumseh Sherman.

YEARS AGO, WHILE YET A CHERISHED PORTION OF MEXICO, TEXAS was famous for its cattle. Individuals owned thousands, even tens of thousands, which roamed almost at will, over the vast and fertile plains. The care of these was left to a few men and a crowd of Mexican boys from eight to twenty years of age; for not much money could be paid in wages, when the finest cow or fattest ox was worth but two or three dollars. . . .

The daily life of the cow-boy is so replete with privation, hardship and danger, that it is a marvel how any sane man can voluntarily assume it, yet thousands of men not only do assume it, but actually like it to infatuation. . . .

A large herd of cattle will be guarded by a number of men, who have a common place for eating and sleeping, but they are never there together. Day and night, in good weather and bad weather, some of them must be with the herd. The men are divided up into reliefs, each relief being on duty in the saddle not less than eight hours of the twenty-four, and each individual having a specified beat sometimes eight or ten miles long. Each relief must go around the whole herd, see that all are quiet and unmolested. The outside limits are carefully watched, and if any animals have strayed beyond them, their trail must be followed up, and the fugitives driven back to their proper grazing ground. Under ordinary circumstances, and when the herd is simply being held on certain good grazing ground, with an abundance of water, these duties are comparatively easy; but when the grass is poor, and the water scarce, the animals stray continually, and great watchfulness and labor are required for their care.

Especially is this the case in winter, when grass is covered with snow. Cattle in large herds are easily stampeded, becoming panic-stricken on very slight, and frequently without, provocation. Nothing so starts them as a Plains "Norther," and they will fly before a severe storm of wind and snow sometimes for incredible distances. These are the trying times for the cow-boys. When a stampede occurs from any cause, every man must be in the saddle, follow the fleeing animals day and night, to get control of the herd and bring it back to ground. . . .

But there is something in this life which develops not only the highest virtues, but the most ignoble of vices. It is not solitude, for the shepherds of the Plains lead lives quite as solitary and they are generally quiet, inoffensive persons. The cow-boy, on the contrary, is usually the most reckless of all the reckless desperadoes developed on the frontier. Disregarding equally the rights and the lives of others, and utterly reckless of his own life; always ready with his weapons and spoiling for a fight, he is the terror of all who come near him, his visits to the frontier towns of Kansas and Nebraska being regarded as a calamity second only to a western tornado. His idea of enjoyment is to fill himself full of bad whiskey, mount his mustang, tear through the streets, whooping, yelling, flourishing and firing his pistols until the streets are deserted and every house is closed. . . .

Cattle-stealing is a mania not confined solely to our Scottish ancestors. The frontier has many "cow-boys" out of employ, many impecunious gentlemen who long yearningly for a herd of cattle. The "waifs and strays" of large herds, or even a considerable herd, carelessly guarded, will suddenly disappear. Sometimes the herdsman and the cattle disappear together, and should the owner be absent, are likely to disappear for him all the time.

In 1872 the owner of a considerable herd returned to his ranch in southeastern Kansas after a short absence, to find his herd and herders gone. Taking the trail alone, he plodded west for more than one hundred miles, when he found about half his herd in the possession of a notorious desperado near where Larned City now stands. On inquiry he found they had recently been purchased of a man who had gone still further west with the other half. Following on, he found his herd in charge of its reputed owner on the Arkansas River near Fort Dodge. The thief was the most notoriously blood-thirsty ruffian on the frontier. After a terrible combat the thief was killed, and the owner, collecting his cattle, returned with them eastward. Arriving at the ranch of the robber who had his others, he went to him and said quietly, "I have taken the scalp of your partner and got half my cattle. I want to know if I'll have to take your scalp to get the other half." The terrified ruffian gave them up without a contest.

QUESTION FOR DISCUSSION

What was cowboy life like, according to this account by Richard Irving Dodge? Consider each of the following:

- Wages
- Working conditions
- Recreation
- Regard for property rights

From R. I. Dodge, *Our Wild Indians: Thirty-three Years of Personal Experience among the Red Men of the Great West* (Hartford: A.D. Worthington & Co., 1882), pp. 609-18.

From *United States History: Focus on Economics*, ©National Council on Economic Education, New York, N.Y.

LESSON SIX

Name _____

Activity 2

WHY COWBOYS WILL NEVER DIE

Directions: Read the following information and respond to the questions for discussion.

IMAGE OF THE WEST: 1869

History tells us that the early image of the cowboy was unsavory. A cowboy was a hired hand who tended cattle. The job was low-wage and low-skill, calling for long, hard, and dirty work. Moreover, cowboys were often thought of as drunken rowdies who cheated and robbed.

William F. Cody (or Buffalo Bill) played an important role in changing the image of the American West. Cody was a colorful personality. He rode for the Pony Express in 1860–61. He was a scout in campaigns against the Kiowa and Comanche. After fighting in the Civil War from 1861 to 1865, he hunted buffalo for the Union Pacific Railroad, slaughtering 4,280 head of buffalo in eight months. Well known for his total recall of vast terrain, he became a scout and guide for the U.S. Fifth Cavalry.

In 1869, Buffalo Bill was known as a Western hero. He was portrayed in 1,700 dime novels — some of which he wrote himself. In 1883, Cody organized Buffalo Bill's Wild West. This was an outdoor exhibition featuring reenactment of events from the American West. Stars included Buck Taylor, "King of the Cowboys," Annie Oakley, "Little Sure Shot," Johnny Baker, "the Cowboy Kid," and, for one season, Sitting Bull. Acts included the Pony Express, an attack on a wagon train, and an attack on the Deadwood stagecoach. A strong hero, warlike Native Americans, the loathsome villains, and women in distress were common stereotyped representations. Other features included action with rough-riding, roping, and sharpshooting.

Buffalo Bill's Wild West was an attraction for 30 years. In 1887, it was performed for Queen Victoria's Jubilee, and Cody next took the show to continental Europe.

IMAGE OF THE WEST: 1990s

The image of the cowboy continues to be popular. Western novels are widely read. *Lonesome Dove*, by Larry McMurtry — the story of a troop of cowboys led by a former Texas Ranger who uproot themselves from the sleepy town of Lonesome Dove to drive a herd of cattle to Montana — was recently a best-selling novel. McMurtry's sequel, *Streets of Laredo*, also proved to be highly popular. Other recent books set in the West include *Dancing at the Rascal Fair*, by Ivan Doig, and *All the Pretty Horses*, by Cormac McCarthy.

Westerns were very popular on television and in the movies in the 1950s and 1970s. Programs such as "Gunsmoke," "Rawhide," "Bonanza," "Big Valley," "High Chaparral," "Cheyenne," "Bronco," "Sugarfoot," and "Wyatt Earp" were very popular. More recently, Larry McMurtry's *Lonesome Dove* was the basis for a highly successful television mini-series. And Westerns periodically do return to the silver screen. The National Society of Film Critics selected the Western film *Unforgiven*, starring Clint Eastwood, as the best motion picture for 1992.

Americans' interest in anything Western continues to find new avenues of expression. Consider how the West is worn. Americans can't seem to get enough of pointed-toe boots and big hats. Jeans, standard equipment for rodeo cowboys, are worn by Americans of all ages and by other people worldwide. For example, Wild Bill Weaver, who works in a log cabin in Washington, runs a highly successful business making authentic-looking custom Western clothing.

Country western dancing and music are increasingly popular in many cities today. Denim & Diamonds, a country music club in Los Angeles, is a friendly place for those who wear Western wear and enjoy country dancing. Dance lessons are free and new dances are invented regularly.

Cowboy collectibles are very popular. Between 1988 and 1993, sales of cowboy collectibles have increased 40 percent per year. The most commonly sought items are clothing, saddles, other leathercraft, and metal items. Finally, cowboy artists are riding the success trail. Portrayals of scenes from western states, featuring Native Americans and cowboys, are selling like hotcakes.

LESSON SIX

WHY DON'T COWBOYS RIDE INTO THE SUNSET?

Why would people continue to purchase things associated with the West when we know that cowboys were people who worked for low wages, at low-skill jobs, and that they often were drunken rowdies who cheated and robbed? Why is it that cowboys never really ride off into the sunset? Let's examine the choices, costs, incentives, and rules of the system to establish an answer.

People are making choices. Clearly, people who purchase Western books, music, and clothing consider the benefits of associating themselves with the Old West to be worth the costs. Similarly, the people who produce these products consider it to be in their interest to do so.

People's decisions involve costs. People have alternative uses for their income. Income spent on a new pair of cowboy boots is income not spent on something else. Writers, musicians, and movie producers also face costs. Resources used to produce a Western movie, for example, cannot be used to produce a new comedy.

People respond to incentives. What do people gain when they purchase products associated with the West? Items associated with cowboys and the West represent a sense of independence, adventure, strength, heroism, and intimacy with nature. These images are part of what consumers are buying. What do the producers gain when they produce such products? They hope to increase sales revenues and make a profit by giving people what they want.

The rules of our economy encourage providing people with what they want. Our Constitution provides strict guarantees of protection for private property rights. This means, in part, that producers are able to keep income derived from their property. The protection of private property provides an incentive which encourages producers to offer consumers the products they would most like to have. Apparently, consumers are interested in continuing to buy many new products associated with the West.

QUESTIONS FOR DISCUSSION

1. What was the early image of the cowboy?
2. What was the image of the West in the Buffalo Bill's Wild West shows?
3. What is the evidence that the image of the West remains popular in the 1990s?
4. Why do people in the 1990s continue to purchase things associated with the West when we know that cowboys were people who did not amount to much historically? Consider each of the following points in your response.

Choices:

Costs:

Incentives:

Rules of the system:

LESSON SEVEN

HOW CAN BIG BUSINESS MAKE MONEY FROM TARIFFS?

INTRODUCTION

History The period from 1880 to 1920 was a time of growth in business. As businesses grew in size, some of them attempted to reduce competition in their markets. The late 1800s was also a time when federal legislation protected domestic businesses from foreign competitors, usually by imposing high tariffs on imported products. Tariff revenues were the main source of revenue to the federal government at this time; they were used to pay government expenses and to protect businesses from foreign competition. Among the industries protected by tariff legislation were steel, iron, sugar, glass, furniture, leather, paper, coal, woolen goods and silk, and tinplate. The McKinley tariff of 1890 and the Dingley tariff of 1897 raised tariff rates to levels higher than any since the Civil War. Many businesses profited as a result of this policy of limiting foreign competition. Protection also contributed to the emergence of large enterprises — cartels, pools, trusts, holding companies, and monopolies — all forms of enterprise which could influence prices by limiting production.

Economic Reasoning The development of business concentration (monopolies and trusts) during this time has usually been explained as a result of the natural functioning of a market economy. This reasoning suggests that competition will eventually drive out all but a few producers in every market. Now, however, economic historians believe that government policy is responsible at least in part for business concentration during this time. By setting high, protective tariffs, government officials reduced competition and encouraged the development of trusts. Protective legislation generates substantial individual benefits to a small minority while imposing a large cost on others, but the large cost is often spread widely over many individuals so that each individual bears only a small added cost. Therefore the public may have little knowledge about, or incentive to prevent, protective legislation. In public-choice theory, this sort of government action is called “the special interest effect.”

CONTENT STANDARDS

- ◆ Despite the benefits of international trade, many nations restrict the free flow of goods and services through a variety of devices known as trade barriers, including tariffs and quotas.
- ◆ Public policies affecting foreign trade impose costs and benefits on different groups of people; decisions on those policies reflect economic and political interests and forces.

CONCEPTS

Incentives
Tariffs
Special interest groups

OBJECTIVES

1. Interpret the main idea conveyed by a political cartoon.
2. Use supply-and-demand analysis to judge the impact of tariffs on domestic markets.
3. Apply understanding of incentives to explain why protectionist legislation supported by special interest groups is often passed by Congress even when it is not in the common interest.

LESSON DESCRIPTION

Students investigate the impact of tariffs on businesses and consumers during the 1880s by looking at a political cartoon, solving a short math problem, and comparing protectionism in the 1980s to protectionism in the 1880s. They then generalize about the impact incentives have on encouraging special interest legislation in a democratic government.

TIME REQUIRED

- ◆ 2 class periods

LESSON SEVEN

MATERIALS

- Visual 1 Tariffs: A Definition
- Visual 2 Panning for Gold
- Visual 3 Protectionism in the 1980s
- Visual 4 Why Politicians Like Protectionism
- ☐ Activity 1 Big Business and Government in the Late 1880s
- ☐ Activity 2 Impact of Tariffs on Business and Consumers

PROCEDURE

1. Explain that this lesson involves an examination the rise of big business in the United States. Not everyone was fond of big business, and some cartoonists thought it was given preferential treatment by the U.S. government. Your task is to decide if the cartoonist's economic analysis was accurate.

2. Display Visual 1. Explain that most nations impose tariffs on many imported products. The tariff must be paid by the foreign company to the importing government for each product imported to and sold in the country in question. Ask the students to respond to the questions.

QUESTIONS AND ANSWERS FOR VISUAL 1

1. Which company must pay the tariff? (*Beebock.*)
 2. How much will the tariff cost the company? ($100,000 \times \$100 = \$10,000,000$ total revenue; $\$10,000,000 \times 10\% = \$1,000,000$ in tariff payments.)
 3. Who receives the revenues generated by the tariffs? (*The United States Treasury.*)
 4. Does Bike benefit from this tariff? (*Yes. Beebock has to adjust its prices to cover the costs of the tariffs which Bike doesn't have to pay.*)
3. Display Visual 2. Ask the students to answer the questions at the bottom of the cartoon.

QUESTIONS AND ANSWERS FOR VISUAL 2

1. Whom does the miner represent? (*Trusts and big business.*)
2. Where are the gold nuggets coming from? (*The river labeled Dingley tariff.*)
3. What is the source of the river? (*The Capitol in Washington, D.C.*)
4. Does the cartoon show how business can make money from a tariff? (*No.*)

4. Ask what seems to be the cartoonist's message? (*The point seems to be that the Dingley tariff was a river from the Capitol which brought gold nuggets to large business trusts.*)

5. Pose the question: Why would business owners, of all people, want to see more dollars flow into the United States Treasury? How can business make money from tariffs? (*Let the students come up with any conclusion here. The question will be asked again at the end of the lesson, and they will have a better idea then.*)

6. Distribute Activity 1. Ask students to read it and answer the questions. Discuss the answers with the class after students complete their work.

QUESTIONS AND ANSWERS FOR ACTIVITY 1

1. Why was business expanding in the late 1880s? (*Transportation and communication made it easier to serve more customers. Population growth was very rapid at this time. Businesses expanded so they could sell more products to larger numbers of people.*)
2. What types of business organizations were used to gain some control of prices and competition? (*Pools, trusts, holding companies.*)
3. How did the federal government influence the success or failure of business enterprises in the late 1880s? (*By changing tariff laws.*)
4. Did Henry O. Havemeyer and Bryon W. Holt agree on the impact of tariffs on U.S.

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business? *(Yes. They believed tariffs encouraged businesses to combine into trusts.)*

5. Do you think Havemeyer and Holt would have agreed on keeping tariff rates high to protect U.S. business from foreign competition? *(No. Havemeyer was the head of the sugar trust, and he wanted it to be protected from foreign competition. Holt was associated with the New England Free Trade League, and he probably wanted tariffs abolished to bring more competition into the marketplace.)*

7. Distribute Activity 2. Ask students to complete it in small groups. Ask them to answer the following question when they are done with the problem: "How do tariffs influence business, and why might tariffs be viewed as giving money to business?"

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. How much sugar was sold per month before the tariff was passed? *(1 million lbs.)*
2. How much sugar was sold per month after the tariff was passed? *(750,000 lbs.)*
3. How did the price of sugar change after the tariff was passed? *(It increased from \$2 to \$3.)*
4. How much total revenue did the Fictionland sugar producers receive before the new tariff was passed? *(\$2 times 500,000 lbs. = \$1 million per month.)*
5. How much total revenue did the Fictionland sugar producers receive after the new tariff went into effect? *(\$3 times 500,000 lbs. = \$1.5 million per month.)*
6. How much additional revenue do Fictionland sugar producers receive each year as a result of the new tariff rules? *(\$1.5 million minus \$1 million = \$500,000 times 12 months = \$6 million.)*
7. What does the average Fictionland sugar producer make per year as extra revenue as a result of the new tariff law? *(\$6 million divided by 10 producers = \$600,000 per producer.)*
8. How much extra money must consumers pay to receive the 500,000 lbs. of Fictionland sugar made by Fictionland producers? *(\$3 minus \$2 = 1 extra dollar times 500,000 lbs. = \$500,000 per month times 12 months = \$6 million — that is, the same as the additional revenues gained by the producers.)*
9. What is the average cost to Fictionland consumers per year to buy the Fictionland sugar? *(\$6 million divided by 100 million consumers = \$6 per person.)*
10. If you were a Fictionland producer would you be willing to pay \$50,000 a year to help pay a government lobbyist to work with political leaders to keep this tariff high? *(Given the assumption that you expect to be successful in your lobbying effort, the answer is yes. The potential gain is \$600,000 per year, while the cost is \$50,000, so your net gain is \$550,000 per year.)*
11. If you were a Fictionland consumer would you be willing to pay \$50,000 a year to help pay a government lobbyist to work with political leaders to abolish this tariff? *(Given the assumption that you expect to be successful in your lobbying effort, the answer is no. The potential gain is \$6 per year, while the cost is \$50,000, so your net gain is minus \$49,994.)*
12. Given this information, do you think this new tariff will be abolished soon in Fictionland? Explain your answer. *(No. The incentives are very strong for political leaders and businesses to work hard to keep this tariff in place. On the other hand, consumers do have to pay more for sugar, but the additional cost per individual is so low that individual consumers have little incentive to be interested or to fight this political decision.)*
13. How do tariffs influence the revenues of domestic business firms that are protected by the tariffs? Why might tariffs be viewed as giving money to domestic business firms?

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(Tariffs increase the costs of foreign producers but not those of domestic producers. The increased costs reduce competition in the market. The decline in supply combined with stable demand results in higher prices. Domestic firms can now charge higher prices and improve their profits.)

8. Which of the following groups do you think would pay for a lobbyist to work for them in Washington, D.C., in 1880 — sugar consumers, sugar producers? *(Sugar producers. Their potential benefits are greater than their potential cost.)*

9. Which of the following groups would be likely to make a campaign contribution to a political campaign — sugar consumers or sugar producers? *(Sugar producers. Their potential benefits are greater than their potential cost.)*

10. Which of the following groups would be likely to work hard to get voters to the polls to vote for their preferred candidate — sugar producers or sugar consumers? *(Sugar producers. Their potential benefits are greater than their potential cost.)*

11. Who has the strongest financial incentive to influence legislation on tariffs? *(Sugar producers. Their potential benefits are greater than their potential cost.)*

12. Who has the least financial incentive to influence legislation on tariffs? *(Sugar consumers. Their potential benefits are very small relative to their potential costs.)*

13. Under these circumstances, which group does the political candidate have the greatest incentive to please — sugar producers or sugar consumers? *(Sugar producers.)*

14. Will the tariffs improve the total production of the Fictionland economy? *(No. There is no increase in sugar production. Higher sugar prices reduce consumer purchasing power for other products. The sugar tariffs will have a small negative impact on the economy's production.)*

15. Is the political leader likely to gain from voting for protective tariffs? *(Yes. Campaign contributors from business will be pleased and continue to support this officeholder. Other voters will not be upset because they may not know what caused the price increase and its small impact on their budgets makes it an issue unlikely to influence their vote.)*

16. Display Visual 3. Explain that tariffs still exist. One hundred years later, in the 1980s, quotas and tariffs were used to protect various industries from foreign competition. Discuss the questions on Visual 3.

QUESTIONS AND ANSWERS FOR VISUAL 3

1. Who gains from import quotas on automobiles? *(Auto producers and workers in the U.S. automobile industry, who receive greater profits and more jobs.)*

2. Who loses as a result of import quotas? *(U.S. automobile buyers, who pay higher prices for their cars.)*

3. There are many more auto buyers than auto producers. Why would the U.S. government negotiate a deal with Japan to reduce the purchasing power of the U.S. consumer? *(Government officials have strong incentives to serve lobbyists and the auto industry. They face weak incentives to protect consumers.)*

17. Display Visual 2 again. Can businesses (trusts) pan gold nuggets from protective tariffs? *(Yes, by reducing competition and raising prices.)*

CLOSURE

Display Visual 4. Ask how this quotation is consistent with what they have learned about trusts and protective tariffs in the 1880s. *(Tariffs reduce competition; supply is reduced, so higher prices can be charged by the remaining firms. The higher prices lead to increased profits for a small number of people in the protected industry. Meanwhile, a large number of people pay higher costs; but each individual may pay only a small amount, so there is little opposition to the protectionist laws.)*

Visual 1

TARIFFS: A DEFINITION

DEFINITION: A tariff is a tax on imported products or services. In the case of tariffs imposed by the United States, the business that imports or produces the foreign product must pay the tax to the U.S. government. The tariff revenue goes directly to the U.S. Treasury.

EXAMPLE: Suppose two different companies, Beebock and Bike, sell athletic shoes in the United States. Beebock is located in Brazil. Bike is located in Ortonville, Minnesota. A tariff must be paid on all shoes made outside the United States and sold in the United States. The tariff is 10 percent of all total sales revenues. Both companies sell 100,000 pairs of shoes per month at a price of \$100 per pair.

1. Which company must pay the tariff?
2. How much will the tariff cost the company?
3. Who receives the revenues generated by the tariffs?
4. Does Bike benefit from this tariff?

Visual 2

PANNING FOR GOLD



Directions: Look at the cartoon and answer the following questions.

1. Whom does the miner represent?
2. Where are the gold nuggets coming from?
3. What is the source of the river?
4. Does the cartoon show how business can make money from a tariff?

Visual 3

PROTECTIONISM IN THE 1980s

From 1981 to 1985, the U.S. automobile industry was shielded from Japanese competition by "voluntary import restraints." During that time the following changes took place:¹

- Average price of a Japanese car sold in the United States rose by \$2,500.
- Average price of a United States car sold in the United States rose by \$1,000.
- Extra costs of car purchases for U.S. consumers in 1984 was approximately \$13 billion.
- Trade protection in 31 other industries cost U.S. consumers in 1984 \$53 billion.

QUESTIONS FOR DISCUSSION

1. Who gains from import quotas on automobiles?
2. Who loses as a result of import quotas?
3. There are many more auto buyers than auto producers. Why would the U.S. government negotiate a deal with Japan to reduce the purchasing power of the U.S. consumer?

¹Information taken from A. Blinder, *Hard Heads, Soft Hearts* (Reading, Mass.: Addison-Wesley, 1987), pp. 116-18.

Visual 4
**WHY POLITICIANS
LIKE PROTECTIONISM**

Protectionism is a politician's delight because it delivers visible benefits to the protected parties while imposing the costs as a hidden tax on the public.

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Activity 1

BIG BUSINESS AND GOVERNMENT IN THE LATE 1880s

AN OVERVIEW¹

During the late 1880s, business firms in the United States faced few regulations from the federal government. This "hands-off" relationship did not change until the creation of the Interstate Commerce Commission in 1887 and the Sherman Antitrust Act in 1890. Even after these laws were passed things did not change immediately because the Supreme Court issued a series of very narrow interpretations of the laws' intent, thus restricting their effect on business practices.

This historical period was also an era of business mergers and growth. Businesses now could produce and sell products across the continent. The United States had become the largest single trading zone in the world. Transportation and communication changes allowed firms to reach customers from California to Maine, from Minnesota to Florida. Businesses expanded to serve regional and national markets rather than merely the local area. Often several small businesses would join together as "pools" to set prices and production levels, and to divide territories. Later, these informal arrangements became "trusts" or "holding companies." A trust was formed when stockholders in many competing companies — for example, sugar producers — turned their shares in the business over to a group of trustees who then ran the entire industry. The trustees attempted to set prices and production levels in a way that would maximize profits. This

organizational practice was used to influence the output of kerosene, sugar, whiskey, cottonseed oil, linseed oil, lead, salt, rubber boots, and gloves.

The trusts also sought to influence government legislation which would affect their industry. They sought especially to secure passage of protective tariff legislation to reduce competition from foreign producers.

TARIFFS AND TRUSTS²

"The mother of all trusts is the customs tariff bill" (Henry O. Havemeyer, president of the American Sugar Refining Company, head of the Sugar Trust, June 1899).

"That the tariff, by shielding our manufacturers from foreign competition, makes it easy for them to combine, to restrict production, and to fix prices — up to the tariff limit — ought to be evident to every intelligent man" (Byron W. Holt, The New England Free Trade League, September 1899).

QUESTIONS FOR DISCUSSION

1. Why were businesses expanding late in the 1880s?
2. What types of business organizations were used to gain some control of prices and competition?
3. How did the federal government influence the success or failure of business enterprises late in the 1800s?
4. Did Henry O. Havemeyer and Bryon W. Holt agree on the impact of tariffs on U.S. business?
5. Do you think Havemeyer and Holt would have agreed on keeping tariff rates high to protect U.S. business from foreign competition?

¹Information taken from Gary Walton and Hugh Rockoff, *History of the American Economy*, 7th ed. (New York: Dryden Press, 1994).

²See "Why Did American Business Get so Big?" by Colleen A. Dunlavy, Associate Professor of History at the University of Wisconsin-Madison, for *Audacity* (Spring 1994), p. 46.

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CONSEQUENCES

Activity 2

IMPACT OF TARIFFS ON BUSINESS AND CONSUMERS

Directions: Read the following information. Then answer the questions which relate to the information.

IMAGINE YOU ARE A NEWSPAPER REPORTER ASSIGNED TO report on a story in a different country. The country's name is Fictionland. It is located near you, and its legislature has just passed a new tariff law to protect jobs and businesses in the Fictionland sugar industry. While doing your research, you discover the following facts about the sugar industry as it operated before the new tariff was approved.

1. There are 10 sugar producers in Fictionland.
2. They produce 500,000 pounds of sugar each month.
3. At this time the Fictionland sugar producers cannot expand their production.
4. Foreign sugar producers also sold a total of 500,000 pounds of sugar per month in Fictionland.
5. There are 100 million sugar consumers in Fictionland.
6. Consumers bought 1 million pounds of sugar per month at a price of \$2 per pound.

ADDITIONAL INFORMATION

Tariff supporters argued that the tariff would raise money for the government to help balance the budget without raising the taxes of Fictionland citizens. It would also help preserve jobs and businesses in a traditional part of the economy — the sugar industry. There was little opposition to the bill, and it passed a vote in the Legislature by a wide margin.

1. Foreign producers reacted to the higher costs imposed by the tariff by supplying less sugar to Fictionland. They reduced their sales to Fictionland by one half.
2. Prices rose from \$2 per pound to \$3 per pound. Local economists explained that supply declined while demand for sugar remained stable, so market prices rose to a new equilibrium level.
3. Domestic sugar producers continued to make and sell 500,000 pounds of sugar per month. They now could charge a price of \$3 per pound.

You think you may have a story to write — one that has been overlooked by other reporters. Answer the following questions and decide whether the tariff has helped the Fictionland consumer.

1. How much sugar was sold per month before the tariff was passed?
2. How much sugar was sold per month after the tariff was passed?
3. How did the price of sugar change after the tariff was passed?
4. How much total revenue did the Fictionland sugar producers receive before the new tariff was passed?
5. How much total revenue did the Fictionland sugar producers receive after the new tariff went into effect?
6. How much additional revenue do Fictionland sugar producers receive each year as a result of the new tariff rules?
7. What does the average Fictionland sugar producer make per year as extra revenue as a result of the new tariff law?
8. How much extra money must consumers pay to receive the 500,000 lbs. of Fictionland sugar made by Fictionland producers?

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9. What is the average cost to Fictionland consumers per year to buy the Fictionland sugar production?

Use your knowledge of incentives to answer the next three questions.

10. If you were a Fictionland producer, would you be willing to pay \$50,000 a year to help pay a government lobbyist to work with political leaders to keep this tariff high?
11. If you were a Fictionland consumer, would you be willing to pay \$50,000 a year to help pay a government lobbyist to work with political leaders to abolish this tariff?
12. Given this information, do you think this new tariff will be abolished soon in Fictionland? Explain your answer.
13. How do tariffs influence business revenues, and why might tariffs be viewed as giving money to domestic businesses?

LESSON EIGHT

WHO INVENTED BAD BREATH AND WHY?

INTRODUCTION

History By the 1920s, the U.S. economy had undergone three extraordinary changes.

Transportation improved dramatically. Trucks, buses, and railroads could now move consumer products inexpensively throughout the nation. Consumer products manufacturers like Coca-Cola and Lambert Pharmaceutical Company — producers of Listerine mouthwash — flourished. The manufacture and sale of these products depended upon moving large amounts of water (the key ingredient in both products). By the 1920s the transportation system was capable of moving this merchandise throughout the nation at reduced costs.

The U.S. economy also shifted from an agricultural base to an industrial base. This change brought Americans increasingly from farm communities to urban areas. Immigrants to the United States also tended to settle in cities. For the first time in U.S. history more people lived in cities than in farm communities.

Finally, public education improved and expanded. Literacy rates increased. Newspapers and magazines reached large reading audiences. Radio became a national communication network.

These developments opened the door to a new type of advertising in the 1920s. It was mass advertising, conveyed in new ways by new media and addressed to new mass markets in urban areas. The Listerine ads and the success of Listerine as a product illustrate the way businesses in the 1920s adjusted their manner of addressing consumers. Obviously, bad breath had existed before 1920, but Lambert Pharmaceutical Company transformed it into a publicly expressed concern at a time when it provided consumers with a new opportunity to deal with it as part of overall personal hygiene.

Economic Reasoning Consumers can choose to buy or not buy new products. In choosing, they weigh the anticipated costs and benefits. Information helps consumers assess costs and benefits. Advertising provides information and images that may inform the consumer's choice.

Advertising is targeted at incentives that motivate consumers' choices. The new circumstances in which people lived and worked in the 1920s created incentives for people to pay greater attention to personal hygiene. At a time when many people lived and worked in close quarters with strangers, personal hygiene became increasingly important to maintain on a daily basis. The men, at least, worked away from home now, among many other workers including people from diverse cultural backgrounds. And away from work many Americans aspired to present themselves as upwardly mobile, moving toward middle-class gentility. These circumstances helped create a demand for products and services related to the maintenance of good appearances and hygiene. Advertising let people know about products and services of that sort. Advertising also influenced the demand for these products and services by means of words and images that crystallized people's ideas about their importance in the new circumstances of modern life.

CONTENT STANDARDS

- ◆ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.
- ◆ People voluntarily exchange goods and services because they expect to be better off after the exchange. Incentives are powerful motivating forces.

CONCEPTS

Incentives
Advertising
Choice

OBJECTIVES

1. Define incentives.
2. Identify examples of incentives which influence human behavior.

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3. Explain how changes in incentives can influence personal choices.

4. Explain how commercial advertisements attempt to influence consumer choices by linking products with important incentives.

LESSON DESCRIPTION

Students participate in a class discussion about how incentives matter in school. In small groups, they examine an ad from the 1920s. After reading more about 1920s life, students examine current advertisements that appeal to incentives similar to those appealed to in the 1920s.

TIME REQUIRED

- ◆ One class period

MATERIALS

- Visual 1 Definition of Incentives
- Visual 2 Incentives Matter!
- Visual 3 The Health and Beauty Business
- Visual 4 More Health and Beauty
- Visual 5 Who Invented Halitosis?
- Activity 1 Who Invented Bad Breath?
- Activity 2 The City Life
- Activity 3 That Was Then, This Is Now

PROCEDURE

1. Explain that the early 1900s were for many Americans a period of social change marked by increasing mass communication and immigration. The changes occurred in a period of transition from a rural to an urban society. In this lesson the students examine a specific consumer product. The sale and use of this product demonstrates how change in the economy affected people's choices of consumer products.

2. Focus students' attention on the point that incentives influence people's responses to commercial products. What is an incentive?

3. Display Visual 1. Discuss the definition of incentives.

4. Ask: What incentives are important to you? (*Responses might involve money, good grades, friendship, personal satisfaction. Be sure students*

understand that the concept of incentives refers to more than financial costs and benefits.)

5. Explain that changes in incentives will influence the choices people make. Display Visual 2. Ask: How would your choices change if these new rules came into effect? (*Some students will change their choices here while others will not. The important point to make is that we all respond to changes in incentives, but not everyone responds in the same way to every incentive.*)

6. Explain that we will now focus on how incentives were at work in the health and beauty business in the 1920s. Display Visuals 3 and 4. Highlight several of the new health and beauty products introduced early in the 20th century and mass-marketed to eager consumers in the 1920s. Point out that people living in remote areas may not have worried much about daily personal hygiene. Wealthy aristocrats had for centuries used perfume and mouth sprays to conceal body and mouth odors, but a farmer plowing ground with a mule didn't care if the mule was offended by halitosis.

7. Display Visual 5. Ask: Why do you suppose these products became so popular during the 1920s? Encourage the students to speculate on several possible reasons.

8. Explain that the class will now investigate the history of bad breath. When did we begin to worry about bad breath? Why would such a concern arise? Divide the students into small groups. Distribute Activity 1, which provides them with a copy of a Listerine ad. Ask them to complete the worksheet and report their results to the class. Make clear that their answers should focus on how the ad appealed to different incentives for different consumers. Also, students should identify what the incentives were for Lambert Pharmaceutical Company to invent the *idea* of bad breath.

9. When students have responded to the questions in Activity 1, ask the groups to present them to the class (or write them on the chalkboard). Engage the entire class in an analysis of the solutions. Strong solutions will argue that bad breath existed before the development and marketing of Listerine, but will explain that Listerine's creators used advertising to inform consumers about the special advantages of their product. More than a single incentive drew

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consumers to buy and use mouthwash; students should explain that some consumers wanted clean and "healthy" breath only, while others saw clean breath as a means of self-improvement that might help them achieve other goals (such as social popularity, romance, success in business). Students should also recognize that the marketers of Listerine could encourage consumers to think of their product as related to such goals, but consumers could also reject the suggested linkage. Consumers could choose not to buy Listerine and could continue to use other methods to clean their mouths, or they could decide that the benefits of a clean mouth were not worth the cost of any form of oral hygiene. During this discussion, students should become increasingly able to identify and compare anticipated costs and benefits (incentives) while analyzing the development of mass commercialization in the 1920s.

10. Distribute Activity 2. Ask the students to read it and respond to the questions for discussion.

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. Who would be more likely to know how bad breath could be prevented: an illiterate farm worker who goes to town twice per month or a bank clerk with an eighth-grade education who lives in town? *(The bank clerk. He or she can acquire information more easily by oral or written methods.)*
2. Which of the two people described in the first question would be more likely to care about preventing bad breath on a daily basis? *(The bank clerk. He or she must deal with people every day who may find bad breath offensive.)*
3. Why were consumers increasingly interested in the maintenance of good appearances and hygiene in the 1920s? *(Improved education levels made people more aware of how to improve personal hygiene. City life and city work required close contact with other people. Poor personal hygiene tended to offend.)*
4. What products could businesses sell which would appeal to the modern consumers of the 1920s? *(Health and appearance-enhancing products.)*

5. What changes in the U.S. economy after 1900 made it possible to make Listerine a successful product? *(Railroads, highways, and trucks to move the product; schools to improve literacy; radio broadcasts and other mass media to advertise widely.)*

CLOSURE

Distribute Activity 3. Ask students to find newspaper or magazine ads that appeal to incentives similar to those referred to in the Listerine ad. They may use mouthwash ads, but other personal hygiene products, especially those for acne medicine, may also use similar appeals. Students analyze the ads to locate the *incentives* that ad makers are drawing upon in their appeal to consumers. (What benefits do the ads promise to consumers who buy and use the products?) They also list the *costs* that consumers would incur if they choose to buy and use the product, and the costs they would incur if they choose not to buy and use the product. (Remind students that costs are not always financial.) Finally, students decide whether advertisers believe that consumers *now* respond to incentives similar to those used in advertisements in the 1920s.

Review the key ideas of the lesson. Ask:

What is an incentive? *(An anticipated cost or benefit.)*

What are examples of incentives? *(Accept a variety of responses.)*

What benefits did consumers of Listerine anticipate in the 1920s? *(Fresh breath might help them to find romance, marriage, income, social position.)*

What costs did advertisers try to persuade consumers they would risk incurring if they failed to use Listerine? *(Bad breath might result in a loss of marriage, income, and social position.)*

Did Listerine invent bad breath in the 1920s? *(No. But it tapped into an emerging new idea about the significance of bad breath. People living and working in close proximity to each other, and in a new climate of social aspiration, became increasingly conscious of appearances and hygiene. Listerine was a product that some consumers bought when they thought the benefits it would bring them outweighed the costs.)*

Visual 1
DEFINITION OF INCENTIVES

Incentives Are Anticipated
Benefits or Costs That Influence
Individual Choices.

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Visual 2 INCENTIVES MATTER!

How would your behavior change if the following rules were made in school?	Would cause me to change my behavior	Would not cause me to change my behavior
1. Class attendance has no influence on your grade.		
2. All test questions come from information not in the textbook.		
3. All students receive the same grade no matter what their test scores are.		
4. All students who provide teachers with apples are allowed to leave the school building early.		
5. All tuba players receive a full scholarship to the college of their choice.		
6. Any tuba player who does not want to attend college will receive \$30,000 upon high school graduation.		
7. Math classes require no homework.		
8. All classes except math require students to write a 10-page paper each week on a new research subject.		
9. All students must rise and greet the teacher enthusiastically or they fail the course.		
10. All students are required to pay \$100 to take each class they enroll in.		

Visual 3

THE HEALTH AND BEAUTY BUSINESS

Helena Rubinstein, the daughter of a Polish-Jewish merchant from Krakow, began selling her own line of cosmetics in department stores by 1918. By World War II, she had added 160 different products to her line, and she distributed them to 3,000 retailers.

Elizabeth Arden wanted to be a nurse when she was growing up in Toronto. Instead, by 1914, she had developed two beauty products that made her a multimillionaire. She went on to develop more than 300 other cosmetic products.

William G. Mennen became the president of his father's chemical company in 1912. Soon, he expanded the product line of the company by successfully introducing shaving cream in a tube. In 1931 he introduced the company's most famous product — Mennen Skin Bracer.

Visual 4

MORE HEALTH AND BEAUTY

John Breck, distressed at the prospect of going bald, developed many scalp treatments. He gradually expanded his product line to include a shampoo for normal hair in 1930 and two more — for oily and dry hair — in 1933.

Max Factor, a Russian immigrant and cosmetician, developed cosmetic glosses, creams, and powders for sale to women. Much of his early work involved developing makeup for the stars of the expanding movie industry of the 1920s.

After decades of experimentation, Jacob Schick invented an electrically powered razor. He introduced the razor in 1931. By the time of his death in 1937, more than 1.8 million Schick electric razors had been sold.

Visual 5

WHO INVENTED HALITOSIS?

For centuries, people have had concerns about personal health care and appearance.

Some worries included:

- Facial wrinkles
- Oily hair, dry hair, or no hair at all
- Unruly beards
- Halitosis (bad breath)

Throughout much of history, only very wealthy people had the means to do much about these problems.

In the 1920s, there suddenly appeared widespread development and mass-marketing of all sorts of products devoted to the maintenance of good appearance and hygiene. Why?

WHO INVENTED BAD BREATH?

Explain what it means to say that bad breath was invented in the 1920s. Use your analysis of the incentives involved and how circumstances in the 1920s differed from those of earlier time periods.



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Activity 2

THE CITY LIFE

THE 1919 SMASH HIT POSED THE QUESTION: How ya gonna keep 'em down on the farm after they've seen Paree? This was no small question. Millions of young Americans had left their homes in the country to serve in World War I. When they returned, they found a booming urban economy.

Attracted by the availability of new jobs, the excitement of the city, and advances in transportation, nearly 15 million people became new city dwellers from 1920 to 1930. The U.S. census for 1920 reported for the first time that more than 50 percent of the population — over 54 million people — were urban dwellers.

At the same time, immigration rates were high, and the influx of immigrants combined with the shift in the economy prompted Americans to expand and improve public education. Literacy rates moved up. Newly literate people clustered in growing cities, providing a new, mass audience for newspapers and magazines and an eager listening public for regional and national radio broadcasts. (Commercial radio became very popular in the 1920s. Many new stations were created during these years.) Advertisers used radio, newspapers, and magazines to reach this new mass market, linking their products with the interests of a new generation of consumers.

What did these consumers want? Many Americans aspired to present themselves as upwardly mobile, moving toward middle-class gentility. These circumstances helped create an interest in products and services related to the maintenance of good appearances and hygiene.

QUESTIONS FOR DISCUSSION

1. Who would be more likely to know how bad breath could be prevented: an illiterate farm worker who goes to town twice per month or a bank clerk with an eighth-grade education who lives in town?
2. Which of the two people described in the first question would be more likely to care about preventing bad breath on a daily basis?
3. Why were consumers increasingly interested in the maintenance of good appearances and hygiene in the 1920s?
4. What products could businesses sell that would appeal to the modern consumers of the 1920s?
5. What changes in the U.S. economy after 1900 made it possible for Listerine to become a successful product?

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Activity 3

THAT WAS THEN, THIS IS NOW: HAS THE BAD BREATH PROBLEM CHANGED SINCE THE 1920s?

1. Describe your ad briefly. What product does it advertise? What are the key images and words used in the ad?
2. What does the ad state or suggest about how a consumer will benefit if he or she buys the product? In other words, what incentives does the ad present as associated with the product?
3. What would it cost a consumer to buy and use this product? The purchase price, of course, but would there be any other cost? How about the cost of *not using* the product? Does the ad state or suggest anything about costs?
4. Compare your analysis, above, with your earlier analysis of the 1920 advertisement. Does the older ad differ from the new one in respect to incentives suggested to consumers?

LESSON NINE

PROHIBITION THEN; MADD TODAY

INTRODUCTION

History The production of alcoholic beverages has always been important to the U.S. economy. In some states alcohol production has even been subsidized. Alcohol has been heralded for the pleasure and good health it was believed to confer on consumers. But early in the 1800s, some Americans grew concerned about the problems that alcohol abuse had created. The problems ranged from domestic violence to loss of worker productivity. A temperance movement became active before the Civil War, advocating moderate use of alcohol or abstinence as possible solutions to alcohol-related problems. From the 1870s on, and into the 20th century, the movement grew dramatically as the Women's Christian Temperance Union (WCTU). The movement drew hundreds of thousands of mostly middle-class white women into action.

Ultimately the temperance movement sought a complete ban on the production and sale of alcohol. Such a ban was enacted in the form of the 18th Amendment to the U.S. Constitution, ratified in 1919. This amendment prohibited the manufacture and sale of alcohol, but illegal production and sale continued on a large scale. Prohibition eventually was repealed in 1933 during President Franklin Roosevelt's administration.

Alcohol abuse persisted, however, and new movements emerged to combat alcohol-related problems, especially drunken driving. One prominent movement in recent years has been Mothers Against Drunk Driving (MADD), which works to stop destructive behavior related to alcohol abuse but does not seek a return to Prohibition.

Economic Reasoning The production and consumption of alcoholic beverages involve market exchanges that carry with them external costs (externalities) borne by third parties. Examples of externalities associated with consumption of alcohol are domestic violence, decreased worker productivity, and health problems. It was consequences to "other people — innocent victims" that stimulated the rise of the temperance movement. Tem-

perance activists sought to reduce the negative social consequences of alcohol consumption.

While several courses of action are possible, here are three alternative policies that might be pursued to reduce alcohol-related externalities: (1) ban production and consumption of alcoholic beverages; (2) establish severe penalties for improper behavior while under the influence of alcohol; and (3) reduce the demand for alcoholic beverages.

The first policy, as embodied in Prohibition, produced a reduction in alcohol consumption, but at a heavy cost. It resulted in such high prices for illegally produced alcoholic beverages that illegal traffic in alcohol actually rewarded criminal behavior and encouraged gang wars among criminals who sought to secure control of the illegal business.

The second and third policies, as embodied now in various legal provisions, attempt to minimize externalities by penalizing alcohol abuse (for example, jailing abusive drinkers, firing employees for drinking on the job), and establishing educational programs designed to help people distinguish between acceptable and unacceptable uses of alcohol. If successful, these programs will reduce consumption, reduce negative social consequences, and avoid the problem of illegal production and criminal activity.

CONTENT STANDARDS

- ♦ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.
- ♦ Economic incentives are powerful motivating forces. Externalities exist when some of the costs or benefits associated with the production or consumption of a product "spill over" to third parties other than the direct producers and consumers of the product.

CONCEPTS

Choice
Costs/benefits

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Incentives

Externalities (social consequences)

of other things; minor health problems; and opportunity costs related to using time for the purpose of drinking, and so on).

OBJECTIVES

1. Summarize the consequences of a national ban on the manufacture, sale, and transportation of intoxicating beverages.

2. Explain the reasons for implementing a national program to discourage people from driving cars while intoxicated (as created by Mothers Against Drunk Driving, from 1980 to the present).

3. Apply the concepts of costs and incentives to compare the policy effectiveness of Prohibition and MADD.

(b) Examples that have effects on others (*a drinker's physical or verbal violence toward others; damage caused by drunken drivers; losses of productivity and/or workplace safety caused by intoxicated workers; etc.*).

2. Explain that the effects on others are called "externalities," consequences that befall others as a result of an individual's decision to abuse alcohol. Note that there may be overlaps between the two groups of effects (*for example, the costs of treating even minor health problems related to alcohol abuse, if paid for by insurance, may increase the costs of insurance to those who do not abuse alcohol*).

LESSON DESCRIPTION

Students read short histories of Prohibition and MADD and work in small groups to evaluate the consequences of these policies on consumers' behavior.

Reinforce the point that a major issue related to alcohol use is externalities — the impact on other people. Students should look for this problem throughout the rest of the lesson.

TIME REQUIRED

- ◆ Two class periods

MATERIALS

- Visual 1 Brief History of Prohibition
- Visual 2 MADD — A Brief History
- Visual 3 Definitions
- ★ Activity 1 Amendment 18, Volstead Act, Amendment 21
- Activity 2 What Choices Will We Make about Drinking under Prohibition?
- Activity 3 What Choices Will We Make Today about Drinking and Driving?

3. Display Visual 1. Ask: Whom did Prohibition attempt to change in the marketplace: the buyer or the seller? (*The seller — Prohibition makes all sales illegal.*)

4. Display Visual 2. Ask: Whom did MADD attempt to change in the marketplace: the buyer or the seller? (*The buyer — through education, public media, and stiff penalties.*)

5. Display Visual 3. Review the definitions with students to prepare them for subsequent activities.

6. Divide the class into small groups. Give copies of Activity 1 to all students. Give copies of Activity 2 to half of the groups and copies of Activity 3 to the remaining groups.

PROCEDURE

1. Explain that the purpose of this lesson is to invite the students to examine problems related to alcohol abuse and alternatives used historically to address the problem. Ask students to describe some negative effects of alcohol abuse:

(a) Examples that primarily affect the individual drinker (*need to pay for alcohol and opportunity costs of buying alcohol instead*

QUESTIONS AND ANSWERS FOR ACTIVITY 1

1. Did the Volstead Act and the 18th Amendment outlaw the sale, manufacture, and transport of alcoholic beverages? (*Yes.*)
2. Did the Volstead Act outlaw the consumption of alcoholic beverages? (*No.*)

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3. Did the 21st Amendment guarantee that people could consume alcoholic beverages? *(No. It merely repealed the 18th Amendment.)*
4. After repeal, could states and local regions still ban alcoholic beverages? *(Yes, and many regions today still do prohibit the sale of alcoholic beverages.)*

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. Who will support Prohibition, from the above group? What incentives are motivating them to support it? *(Grant would support, because she is against alcohol use and its possible effects. Evans might support, if he sees more benefits from his increased income [through smuggling] than personal costs. Since he does not drink, he is not damaged directly by the Volstead Act.)*
2. Who will not support Prohibition? What incentives do they have for choosing to criticize Prohibition, or even to violate the law? *(Schneider will not support, because he loses his business. Fanetti will not support, because she enjoys wine and sees its use as part of her cultural heritage. Evans might not support, since he might lose some legal income from decreased legal trade in alcoholic beverages from Canada. His decision to support or not support depends on his analysis of the costs and benefits.)*
3. How hard will it be to enforce Prohibition? What will enforcement cost? *(It will be very difficult. With the many points of access to the United States that make smuggling possible, and the relative simplicity of producing alcoholic beverages, there are easy ways to create a large quantity of alcohol despite the ban. The amount available will remain high. The costs of thousands of police officers and legal officials, plus the costs of imprisoning violators, will be very high.)*
4. Based on the analysis of the group above, and your own analysis, how likely do you think it was that Prohibition could achieve its goal of stopping the damaging social consequences (externalities) related to alcohol abuse? Frame

your answer in the form of a hypothesis. Give the outcomes that you expect and the reasons you have for anticipating those outcome. *(Wording of hypotheses will vary, but should resemble this: "Because the costs of enforcement are very high, the desire for alcohol is high, and the quantity available will continue, people will still drink despite the Volstead Act. Therefore, the externalities will not diminish much, if at all.")*

QUESTIONS AND ANSWERS FOR ACTIVITY 3

1. Who in the above group is likely to support MADD and to participate in "designated driver" programs? What incentives would they have for supporting MADD? *(Abrams will support. She sees greater safety for herself and others as an incentive. Alvarez will support. He does not want to pay liability costs that might befall him if one of his customers drinks and drives and causes harm. Alberts will support. He knows that MADD is not calling for an end to alcohol use, so his job is not threatened; he knows that even a moderate drinker may not be able to drive safely after drinking. Chen will support. She sees greater safety for herself and others as an incentive.)*
2. Who might not support MADD, or might drink and drive? What incentives would they have for drinking and driving? *(No one from the group is likely to protest MADD. All four might see an incentive in driving after drinking, if they need to go some place and have no apparent alternatives.)*
3. How hard do you think it is to implement MADD programs and to decrease drinking and driving? What costs are involved in such programs? *(MADD has to pay for advertising, posters, and other informational media. If many people support MADD, the costs per individual supporter may be low [some people will donate money; others may show support for MADD by displaying red ribbons on their cars]. It will not be very hard to implement MADD programs. The decreases in drinking and driving will occur if enough people see incentives [safety for self and others] and change their behavior*

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as a result [stop drinking and driving, use "designated driver" programs].)

4. Based on the analysis of the group above, and your own analysis, how likely do you think it is that MADD can achieve its goal of decreasing the number of people who drink and drive? Frame your answer in the form of a hypothesis. Give the outcomes that you expect and the reasons that you have for anticipating those outcomes. (*Wording of hypotheses will vary, but should resemble this: "Because the costs of implementing and supporting MADD are quite low, the demands for safer public highways are very high, and the supply of people who will participate in "designated driver" programs seems good, MADD will probably reduce drinking and driving."*)

[*Note:* The supply-and-demand factors are vital here; if students do not think that the demand for public highway safety is higher than the demand for driving after drinking, or if they do not think that there is an adequate supply of volunteers and supporters for a "designated driver" program, their hypotheses will vary from the example above. This is acceptable, if students can justify their hypotheses according to supply-and-demand arguments.]

7. Ask each group to review its "characters" and develop written answers to the Questions for Discussion. The last Question for Discussion in each list asks the students to form hypotheses about the probable success or failure of Prohibition/ MADD, based on their understanding of markets, consumer demand, and externalities.

8. Convene the class as a whole. Under the headings "1920s/Prohibition" and "1990s/MADD," categorize the eight characters that the groups con-

sidered. Ask a representative from each group to write the group's hypothesis about the probable success or failure of Prohibition/MADD. Each group should be prepared to explain its hypothesis by referring to their answers to the Questions for Discussion.

9. Ask students to compare each policy and its consequences by using a T-style evaluation. Possible student responses:

PROHIBITION	
BENEFITS	COSTS
Less alcohol consumed; less demand; fewer externalities	Illegal production; smuggling; high cost of change in demand; price of alcoholic beverages rises, encouraging more production

MADD	
BENEFITS	COSTS
Less demand; no illegal production; cooperation with producers; fewer externalities	Progress is slow; drinking remains popular and socially accepted

CLOSURE

Ask students to write an essay about current public policies aimed at reducing the externalities associated with tobacco use. Are these policies oriented to the demand side or the supply side of tobacco-related problems? (*So far, demand side: education, reduce ads, tax tobacco highly, smoke only in an area separate from nonsmokers.*)

Visual 1

BRIEF HISTORY OF PROHIBITION

- In the 1600s and 1700s, many Americans drank alcoholic beverages because alcohol seemed safer (less likely to be contaminated or spoiled) and was cheaper than imported alternative beverages like tea or coffee.
- In the early 1800s, people formed temperance movements to promote moderation in the use of alcohol. Temperance supporters argued that abuse of alcohol could cause health problems, social problems, and be a sign of poor moral values.
- In the late 1800s, the Women's Christian Temperance Union (WCTU) was formed. The WCTU opposed all use of alcohol. WCTU members argued that alcohol use consistently led to health problems, domestic problems (such as physical and verbal abuse), and social problems such as poverty.
- By the early 1900s, the WCTU had gained widespread support for its drive to pass a national ban on alcohol. Some Prohibition supporters believed that recent immigrants to the United States were more likely to abuse alcohol than native-born Americans and that a ban would make those immigrants "better citizens." Others argued that the alcohol industries (saloon owners, breweries, etc.) were corrupt. Some held religious beliefs that argued against any alcohol use and believed that the nation would be strengthened if other citizens also had to follow such religious beliefs.
- By 1914, many cities, counties, and states were banning alcohol. Finally, during World War I, Congress passed a "wartime prohibition" to keep farmers from selling grains and corn for the production of alcohol. In 1917, Congress extended this "wartime ban" into a permanent ban, in the form of the 18th Amendment to the U.S. Constitution. The 18th Amendment was ratified in 1919, and Prohibition went into effect in 1920.

Visual 2

MADD — A BRIEF HISTORY

In 1980, a drunken driver killed Cari Lightner, a 13-year-old from Fair Oaks, California. Her mother, Candy Lightner, then started a grassroots organization to fight drunken driving. That organization, formed in December of 1980, is called Mothers Against Drunk Driving, or MADD.

MADD grew rapidly. It consists now of hundreds of local chapters across the United States. Most of the members want to find ways to decrease the many injuries and deaths that drunken drivers cause each year.

MADD members use a number of methods to achieve a reduction in drunken driving. They provide education about the serious dangers and high costs of driving when intoxicated. They use newspaper articles, television stories, radio, school poster competitions, and other tools to provide the education.

In addition to providing incentives to people that encourage them never to drink and drive, MADD works to toughen laws and law enforcement related to drunken driving. MADD members recommend stiff penalties and prison sentences for drunken driving. Such penalties provide strong disincentives for people not to drink and drive.

Visual 3 DEFINITIONS

MARKETS: Any situation in which buyers and sellers can exchange goods and services.

BUYERS: People who purchase a product.

SELLERS: People who sell products to buyers.

NEGATIVE EXTERNALITIES: Actions that impose costs or harm on nonconsenting individuals. Victims of accidents caused by drunk drivers are examples of nonconsenting individuals who are harmed by the actions of an alcohol buyer and an alcohol seller.

LESSON NINE

Name _____

Activity 1

AMENDMENT 18, VOLSTEAD ACT, AMENDMENT 21

Directions: Read the following information and answer the questions.

THE 21ST AMENDMENT TO THE U.S. CONSTITUTION repealed the 18th Amendment. The repeal did not prevent local areas or states from maintaining bans on alcohol. It ended the national ban on alcohol.

U.S. CONSTITUTION AMENDMENT 18

(Ratified January 16, 1919. Repealed December 5, 1933 by Amendment 21)

Section 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Section 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

432. THE VOLSTEAD ACT

October 28, 1919

(U.S. Statutes at Large, Vol. XXXXI, pp. 305 ff.)

Be it Enacted... that the short title of this Act shall be the "National Prohibition Act."

THE VOLSTEAD ACT

TITLE II.

Prohibition of Intoxicating Beverages.

SEC.3. No person shall on or after the date when the eighteenth amendment to the Constitution of the United States goes into effect, manufacture, sell,

barter, transport, import, export, deliver, furnish or possess any intoxicating liquor except as authorized in this Act, and all the provision of this Act shall be liberally construed to the end that the use of intoxicating liquor as a beverage may be prevented.

Liquor for nonbeverage purposes and wine for sacramental purposes may be manufactured, purchased, sold, bartered, transported, imported, exported, delivered, furnished and possessed, but only as herein provided, and the commissioner may, upon application, issue permits therefore: *Provided*, That nothing in this Act shall prohibit the purchase and sale of warehouse receipts covering distilled spirits on deposit in government bonded warehouses, and no special tax liability shall attach to the business of purchasing and selling such warehouse receipts. . . .

U.S. CONSTITUTION AMENDMENT 21

(Ratified December 5, 1933)

Section 1. The eighteenth article of amendment of the Constitution of the United States is hereby repealed.

QUESTIONS FOR DISCUSSION

1. Did the Volstead Act and the 18th Amendment outlaw the sale, manufacture, and transport of alcoholic beverages?
2. Did the Volstead Act outlaw the consumption of alcoholic beverages?
3. Did the 21st Amendment guarantee that people could consume alcoholic beverages?
4. After repeal, could states and local regions still ban alcoholic beverages?

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LESSON NINE

Name _____

Activity 2

WHAT CHOICES WILL WE MAKE ABOUT DRINKING UNDER PROHIBITION?

Will Schneider: Born in Germany in 1885, Schneider moved to the United States when he was 15. In 1910, he opened a small tavern with his brother in a section of Chicago inhabited by many native-born Americans and recent immigrants from beer-drinking cultures. Their tavern served as a local meeting place for the neighborhood, and the Schneiders operated it profitably in the ten years before Prohibition.

Mildred Grant: Born in Iowa in 1870, Grant became a member of the WCTU in 1893. She believes that it is immoral to drink alcoholic beverages. One of her best friends married a man who abuses alcohol, and Grant thinks that Prohibition will help her friend's family. Because women do not have strong legal or public roles (and will not be permitted to vote until 1920), Grant and her friend believe that Prohibition is the only way to reduce domestic problems associated with alcohol abuse.

Sophia Fanetti: Born in Italy in 1865, Fanetti moved to New York in 1895 with her husband and three children. The Fanettis have always enjoyed a glass of wine with their evening meals. The Fanetti children, now adults, also continue the family tradition of serving wine with supper. As Catholics, the Fanettis are also accustomed to the use of wine in religious ceremonies (and this will still be permitted, in a heavily regulated manner, under Prohibition). Fanetti knows some people who abuse alcohol, but she thinks that many people can drink in moderation.

Frank Evans: Born in the United States in 1885, Evans works for a trucking company in Detroit. He regularly crosses the Canadian border on his job, delivering goods in Ontario and returning with Canadian products for U.S. consumers. Evans does not drink. His boss has approached him about a plan to smuggle alcohol from Canada into the United States, using a secret compartment in the truck's cab. Evans will get high bonuses for the smuggling trips. He knows other people who think that they will earn a lot of money "getting around" the ban on alcohol.

QUESTIONS FOR DISCUSSION

1. Who will support Prohibition, from the above group? What incentives are motivating them to support it?
2. Who will not support Prohibition? What incentives do they have for choosing to criticize Prohibition, or even to violate the law?
3. How hard will it be to enforce Prohibition? What will enforcement cost?
4. Based on the analysis of the group above, and your own analysis, how likely do you think it was that Prohibition could achieve its goal of stopping the damaging social consequences (externalities) related to alcohol abuse? Frame your answer in the form of a hypothesis. Give the outcomes that you expect, and the reasons that you have for anticipating those outcomes.

LESSON NINE

Name _____

Activity 3

WHAT CHOICES WILL WE MAKE TODAY ABOUT DRINKING AND DRIVING?

Jennifer Abrams: Born in 1972, Abrams decided as a teenager that she did not like to drink, but she often felt uncomfortable at parties where others were drinking. Some of her friends would urge her to have a few drinks. Then a fellow college student, riding as a passenger in a car, died when the drunken driver veered from the highway and hit a telephone pole. Abrams and her friends developed a "designated driver" program on campus and presented workshops on the high costs of drinking and driving.

Pedro Alvarez: Born in 1960, Alvarez and his cousin own a popular restaurant in Tucson. Beer and wine are on their menu. Alvarez and his cousin know that they must watch customers carefully and not serve alcohol to anyone who appears to be intoxicated. They might be held liable if one of their customers becomes intoxicated at the restaurant and then causes damage or hurts people in an accident. The local chapter of MADD has asked Alvarez to donate money to support their programs and to post information about drunken driving in the lobby of the restaurant.

Oscar Alberts: Born in 1950, Alberts drives a truck for a Boston beverage distributor. He enjoys drinking beer with friends while watching football games on the weekend. Although Alberts is a large man and has always tried to drink in moderation, a few years ago he bumped into the neighbor's garage while trying to park his car after an afternoon at a friend's house. He was not hurt, but the incident startled him. A local MADD chapter asked Alberts's employer to tie red ribbons on the trucks' antennas and to display "Designate A Driver" posters on the sides of the trucks.

Louise Chen: Born in 1965, Chen is a highway patrol officer in California. She considers herself to be an expert on California wines and enjoys visiting the vineyards of Sonoma Valley. In her five-year career, she has handled dozens of drunk driving incidents, some involving fatalities. She volunteers to speak to high school students during her free time and often speaks on panels with surviving victims of drunk driving accidents.

QUESTIONS FOR DISCUSSION

1. Who in the above group is likely to support MADD and to participate in "designated driver" programs? What incentives would they have for supporting MADD?
2. Who might not support MADD, or might drink and drive? What incentives would they have for drinking and driving?
3. How hard do you think it is to implement MADD programs and to decrease drinking and driving? What costs are involved in such programs?
4. Based on the analysis of the group above, and your own analysis, how likely do you think it is that MADD can achieve its goal of decreasing the number of people who drink and drive? Frame your answer in the form of a hypothesis. Give the outcomes that you expect and the reasons that you have for anticipating those outcomes.

WHY WOULD WHITE BASEBALL CLUB OWNERS SIGN BLACK PLAYERS?

INTRODUCTION

History Racial segregation was an obvious part of American life even after the Civil War and the new constitutional provisions that conferred citizenship on African-Americans. From 1880 to 1956, many forms of racial segregation were enforced by rule of law in southern states and by de facto social arrangements in northern states. Professional baseball, like much of American society, was characterized by rigid racial segregation. Several club owners and league presidents were convinced that African-Americans should not play in the major leagues. But in 1945, Branch Rickey signed Jackie Robinson to play on the Brooklyn Dodger farm team, the Montreal Royals. Robinson came up to play for the Dodgers in 1947. He was soon joined in the major leagues by many other African-American players.

Economic Reasoning The forces of competition operate differently in professional baseball than in other parts of the economy. A 1922 court decision (*Federal Baseball Club of Baltimore v. National League et al.*) held that professional baseball is exempt from antitrust laws. (No other business enjoys such an exemption.) Professional baseball has collusive agreements that govern the selection, contractual arrangements, and distribution of players among the teams. These agreements grant a degree of monopsony power to the owners — exclusive power over the right to purchase the services of baseball players.

Nonetheless, professional baseball club owners — in their efforts to earn profits — face competition. Club owners who signed African-American players were responding to incentives. Branch Rickey, for example, signed African-American players in an effort to build a championship team. By signing African-American players, club owners hoped to improve the quality of baseball and make

it more satisfying to fans and thus more profitable. African-American players similarly stood to gain in recognition, improved working conditions, and salaries.

CONTENT STANDARDS

- ◆ The hope of earning profit motivates business firms to incur the risks involved in producing goods or services for the market.
- ◆ Economic incentives are powerful motivating forces.

CONCEPTS

Monopoly
Monopsony
Competition
Incentives

OBJECTIVES

1. Explain that the United States Congress, by exempting professional baseball from antitrust laws, allows club owners more monopsony power than otherwise would be the case.
2. Identify incentives to major league club owners to desegregate major league baseball.
3. Identify incentives to African-Americans to desegregate major league baseball.

LESSON DESCRIPTION

Students participate in a class discussion about racial barriers in professional baseball. In small groups, students examine the incentives that influenced the decisions of baseball club owners and African-American players.

LESSON TEN

TIME REQUIRED

- ♦ One class period

MATERIALS

- Visual 1 Racial Integration in Professional Baseball
- Visual 2 A History of Racial Barriers in Baseball
- Visual 3 First Black Players in the American League
- Visual 4 First Black Players in the National League
- ★ Activity 1 Why Desegregate Baseball?

PROCEDURE

1. Explain that this lesson examines the incentives that influenced baseball owners and players to desegregate big league baseball.

2. Display Visual 1, Racial Integration in Professional Baseball. Point out that, while not perfect, major league baseball owners have made improvements in reducing racial discrimination over the past 50 years.

3. Display Visual 2, A History of Racial Barriers in Baseball. Ask the students to speculate on reasons white club owners, after a long history of racial discrimination, would be willing to hire African-American players in the late 1940s.

4. Explain that they will examine some evidence about the incentives that may have influenced the behavior of white club owners and African-American players. Distribute Activity 1, Why Desegregate Baseball? After students have completed their reading, ask:

How is major league baseball different from other private businesses in the United States? (*It is exempt from antitrust laws.*)

Explain how baseball club owners hold a degree of monopsony power. (*They are the single purchaser of baseball players' services.*)

How is baseball competitive? (*Owners compete to build winning clubs. The Brooklyn Dodgers, New*

York Yankees, and New York Giants competed for fan loyalty.)

What do the batting averages in Table 1 suggest about the ability of African-American baseball players? (*Batting averages reveal that many black players over several years had hit successfully against big league pitching.*)

What risks did white owners take when hiring black players? (*That the benefits of hiring skillful black players — such as attracting more fans — would offset the risks associated with the potential for reduced ticket sales to white fans.*)

What incentives did African-American players have in signing major league contracts? (*Major league baseball offered the prospect of long and financially rewarding careers.*)

5. Display Visuals 3 and 4. Have students note that other black players were hired by other clubs in response to competition.

CLOSURE

Review the key points of the lesson. Ask:

What incentive encouraged Branch Rickey, president of the Brooklyn Dodgers, to sign players like Jackie Robinson? (*Branch Rickey — in the face of competition — was trying to build a financially successful baseball club.*)

What incentive encouraged African-American players to play in the major leagues? (*The benefits of playing in the major leagues included improved income and opportunity for black players.*)

Explain that there are many examples today and in the past of instances when the most productive workers were not hired, thus lowering a firm's profits. Ask students to read recent news magazines or newspaper articles involving discrimination on the basis of race or gender. They write short essays that stress how the failure to hire the most productive workers may result in lower production and lower profits.

Visual 1

RACIAL INTEGRATION IN PROFESSIONAL BASEBALL

- Baseball fans today are accustomed to African-Americans making important contributions to major league baseball.
- About one-third of professional baseball players are African-American.
- Some of the highest-paid players in the major leagues are African-American.
- The average salary of veteran black players exceeds that of veteran white players.
- Studies by economists show little evidence of pay discrimination against black players after the 1960s.
- While racial prejudice is not a thing of the past, professional baseball has made important strides.

Visual 2

A HISTORY OF RACIAL BARRIERS IN BASEBALL

From 1880 until 1947, American professional baseball was characterized by rigid racial segregation. Some owners hired white players only, on the basis of long-standing racial prejudice; others feared fans would react negatively if they hired minority players.

On October 23, 1945, Branch Rickey signed Jackie Robinson to play on the Brooklyn Dodger farm team, the Montreal Royals. In 1947 Robinson moved up to play for the Dodgers.

Roy Campanella soon joined Robinson with the Dodgers. In 1949, Monte Irvin and Hank Thompson began playing for the New York Giants.

Why, after years of racial discrimination, did white club owners suddenly decide to sign African-Americans to play in the major leagues?

Visual 3
FIRST BLACK
PLAYERS IN
THE AMERICAN LEAGUE

Here are the first black players signed by the American League:

Cleveland	Larry Doby	1947
St. Louis	Henry Thompson and Willard Brown	1947
Chicago	Sam Hairston	1951
Philadelphia	Bob Trice	1953
Washington	Carlos Paula	1954
New York	Elston Howard	1955
Detroit	Ossie Virgil	1958
Boston	Elijah Green	1959

Visual 4
**FIRST BLACK
PLAYERS IN
THE NATIONAL LEAGUE**

Here are the first black players signed by the National League:

Brooklyn	Jackie Robinson	1947
New York	Monte Irvin and Henry Thompson	1949
Boston	Sam Jethroe	1950
Chicago	Ernie Banks	1953
St. Louis	Tom Alston	1954
Cincinnati	Brooks Lawrence	1954
Pittsburgh	Curt Roberts	1954
Philadelphia	Valmy Thomas	1959

LESSON TEN

Name _____

Activity 1

WHY DESEGREGATE BASEBALL?

PROFESSIONAL BASEBALL: MONOPOLY POWER AND COMPETITION

Major league baseball is the only private business in the United States which is exempt from the antitrust laws. Baseball club owners are permitted to have agreements establishing rules about where teams are located, how players are signed, and where players play. These agreements grant the owners a degree of monopsony power — the owners are the single purchaser of baseball talent. In other words, owners have exclusive power concerning the right to purchase the services of baseball players.

Even though Congress and the courts allow professional baseball monopsony power, baseball club owners still face competition. How can there be competition in this situation? Much of the competition involves building winning teams. Baseball fans are attracted to winning teams. Winning teams draw more fans and generate more revenue than losing teams. Moreover, competition in some large cities has been more intense than the competition in smaller cities. After World War II, for example, New York had three professional clubs — the Brooklyn Dodgers, the New York Yankees, and the New York Giants. Mass transit allowed fans to shift loyalties easily from one club to another. Owners wanted to find ways to attract fans to their ballparks.

INCENTIVES FOR MAJOR LEAGUE OWNERS

Branch Rickey, president of the Brooklyn Dodgers, saw a great opportunity in hiring African-American players. He signed Jackie Robinson in an attempt to win a championship for the Brooklyn Dodgers. Rickey was looking for new sources of talent to help the team win and to put fans in the seats. He hoped black talent would do it. The talent to be found among black players was well known:

I have played against a Negro All-Star team that was so good, we didn't think we even had a chance to beat them.

Dizzy Dean

If some major league club owner had signed Satchel Paige in 1934, the Negro hurler would have gone down in history as the greatest pitcher of all time.

Ray L. Doan

Dizzy Dean, a well-known player and broadcaster, and Ray L. Doan, a Davenport, Iowa, promoter, had it right. Many black players were better athletes than their white competitors, but they were not permitted to compete in regular league play. African-American baseball clubs, however, played exhibition games against white players in the major leagues. The data in Table 1 suggest that the African-American athletes were often successful.

Many owners were willing to bet that the benefits brought by bringing skillful black players into major league baseball — players who would contribute to a winning record and help fill the stands — would offset the risk of decreased ticket sales to some white fans.

The first Negro National League was formed in the western United States in 1920. The clubs included the American Giants, the Indianapolis ABCs, the St. Louis Giants, the Detroit Stars, and the Kansas City Monarchs. The Eastern Colored League was formed in 1923. It included the Hilldales, the Atlantic City Bacharach's, the Baltimore Black Sox, the New York Lincoln Giants, the Brooklyn Royals, and the Harrisburg Giants.

Life for the players in the black baseball leagues was difficult. For most, the pay was low. The travel — mostly by bus — was exhausting. Black players endured segregated facilities in hotels and restaurants. The work — players often played two or three games per day — was hard. The black leagues had prospered most during World War II. Satchel Paige was a highly paid player. But even Paige faced a tough barnstorming schedule and no national acknowledgment of his incredible talent. The prospect of improved working conditions, enhanced financial rewards, and opportunities for recognition made major league baseball seem a nearly irresistible alternative to black players.

LESSON TEN

QUESTIONS FOR DISCUSSION

1. How is major league baseball different from other private businesses in the United States?
2. Explain how baseball club owners hold a degree of monopsony power.
3. Why is baseball competitive?
4. What do the batting averages in Table 1 suggest about the ability of African-American baseball players?
5. What risk did white owners take when hiring black players?
6. What incentives encouraged African-American players to sign major league contracts?

LESSON TEN

TABLE 1
BLACK PLAYERS VS. BIG-LEAGUE PITCHING¹

People	Year	G	AB	H	2B	3B	HR	SB	Avg.
Spotswood Poles	1913-17	8	32	19	2	0	0	5	.594
Ted Page	1930-32	8	32	16	1	2	0	-	.500
Chino Smith	1929-31	4	13	6	1	0	1	-	.461
Jud Wilson	1924-39	14	52	23	7	0	1	-	.442
Fats Jenkins	1931	3	12	5	0	0	0	-	.417
Josh Gibson	1931-36	7	34	14	0	0	2	-	.412
Willie Wells	1926-39	32	112	50	17	4	8	-	.410
Cool Papa' Bell	1928-48	39	145	56	6	3	3	15	.386
Bill Wright	1933-39	19	65	25	5	2	1	-	.385
Bunny Downs	1917-19	4	16	6	-	-	-	-	.375
Dave Malarcher	1917-23	6	19	7	1	1	0	4	.368
Oscar Charleston	1915-36	47	172	63	8	2	9	-	.366
Rap Dixon	1926-31	13	47	17	5	2	1	-	.362
Biz Mackey	1921-39	20	67	24	6	0	2	-	.358
Pete Hill	1908-15	20	65	23	1	1	1	-	.354
Sammy T. Hughes	1934-36	8	34	12	2	0	3	-	.353
Turkey Stearnes	1923-36	27	97	34	5	2	3	-	.351
Jake Stephens	1928-31	7	23	8	1	0	0	-	.348
Mule Suttles	1929-39	27	100	35	3	4	7	-	.350
Dick Lundy	1928-30	8	32	11	0	1	0	-	.344
Larry Brown	1927-35	11	38	13	2	0	0	-	.342
John Backwith	1923-34	22	92	31	4	2	7	-	.337
Oliver Marcelle	1921-28	5	21	7	0	0	0	-	.333
Newt Allen	1926-35	14	55	18	2	0	0	-	.327
Louis Santop	1913-17	10	38	12	0	0	0	-	.316
Cristobal Torriente	1919-23	19	67	21	2	1	3	-	.313
Joe Rogan	1926-34	10	29	9	3	0	1	-	.310
Pop Lloyd	1909-30	24	89	27	2	1	0	-	.294
George Shively	1915-21	4	17	5	0	0	0	-	.294
Grant Johnson	1908-13	17	58	17	2	1	0	-	.293
Martin Dihigo	1927-31	6	25	7	0	0	0	-	.280

¹ Compiled by the Society of American Baseball Research.

LESSON ELEVEN

WHERE DID THE AFRICAN-AMERICAN MIDDLE CLASS COME FROM?

INTRODUCTION

History From 1900 until 1940, the economic circumstances of most African-Americans improved very little. Four million African-Americans had been freed from slavery after the Civil War, yet many African-Americans remained in jobs as sharecroppers or doing menial work in southern cities. Moreover, the end of Reconstruction witnessed the return of rigid racial segregation. By increasingly formal means, including poll taxes and literacy tests, African-Americans were denied the right to vote. The racial code of Jim Crow had the full force of the law. Yet, in these bleak circumstances, a black middle class began to grow. How could that be?

Economic Reasoning The roots of the African-American middle class can be traced to the period, 1900–1940. It was a time when the literacy and school attendance levels of African-American children were increasing. It was also a period when African-Americans became increasingly willing to move to the North in search of improved economic opportunities. These two factors were important contributors to economic success for African-American families even before the improvements fostered by the Civil Rights movement of the 1960s.

CONTENT STANDARD

- ◆ Investment in human capital occurs when resources are devoted to increasing the quality of labor resources, thus enhancing their productivity.

CONCEPT

Investment in human capital

OBJECTIVES

1. Explain how the legacy of Jim Crow impeded economic prosperity for African-Americans.
2. Explain how investment in human capital and willingness to seek new economic opportunities produced economic improvement for African-Americans.

LESSON DESCRIPTION

Students participate in a class discussion of segregation and racism. In small groups, the students examine statistical data and formulate explanations regarding the development of an African-American middle class.

TIME REQUIRED

- ◆ One class period

MATERIALS

- | | |
|-------------------------------------|--|
| Visual 1 | The Legacy of Segregation and Racism |
| Visual 2 | The Emergence of an African-American Middle Class |
| Visual 3 | The Great Migration |
| Visual 4 | Education and Migration |
| ☐ Activity 1 | Separate But Equal |
| ☐ Activity 2 | A Statistical Examination of African-Americans to 1950 |

PROCEDURE

1. Explain that the purpose of this lesson is to examine the economic progress of African-Americans earlier in this century — before the Civil Rights movement of the 1960s and thereafter.

LESSON ELEVEN

2. Display Visual 1. Stress the point that African-Americans faced many barriers to achieving economic success in the United States.

3. Distribute Activity 1. Divide class into groups and ask them to examine the photographs and respond to the questions. After the groups have completed their work, ask:

What did the U.S. Supreme Court rule in the 1896 case of *Plessy v. Ferguson*? (*Separate but equal facilities for blacks and whites were constitutional.*)

What can you infer about the quality of education provided at each school? (*Accept a variety of responses. Students might observe that the physical facilities, learning conditions for students, working conditions for teachers, and range of specialized courses would be poorer in the black school as compared to the white school.*)

4. Display Visual 2. Invite the students to speculate on reasons an African-American middle class may have emerged in advance of the Civil Rights movement.

5. Point out that the foundation for the development of the African-American middle class lies in investments in human capital by African-American parents and young people. Individuals who invest time or money in more education usually become more productive, get better jobs, and increase their income.

6. Distribute Activity 2. Once again, ask the class to work in groups to respond to the Questions for Discussion. When they have completed working, ask:

What was the pattern over time of black illiteracy rates compared to the rates for whites? (*Blacks in 1880 were at a very high level of illiteracy. By 1950 the gap had narrowed to a difference of 6.5 to 8.7 percent for people 10 years of age and older.*)

What is the pattern of black illiteracy by age? (*The illiteracy rate for young black people was much lower than for older black people.*)

What is the pattern of school attendance by blacks and whites of different ages? (*School attendance increased a great deal from 1880 to 1950. By 1950, black school attendance rates were nearly the same as white attendance rates.*)

What is the pattern of black migration out of the South? (*A substantial percentage of blacks left the South from 1900 to 1950.*)

7. Display Visual 3. Stress the point that economic opportunity encouraged African-Americans to leave the South. Also explain how African-Americans with higher levels of education faced incentives and disincentives to migrate.

CLOSURE

Review the main points of the lesson. Remind the group that the Civil Rights movement was critical to the establishment of an African-American middle class. Half of the improvement in the relationship between black and white incomes, however, occurred before 1960 — before the Civil Rights movement could have had any effect. How was this possible?

(*Despite poverty, discrimination, and adult illiteracy, African-American parents encouraged their children to attend school and become literate. Their investments in human capital eventually paid off. Better-educated African-Americans were able to take advantage of economic opportunities in the North, which were fostered by the increased demand for labor during World Wars I and II.*)

Conclude by explaining that better education among African-Americans also contributed to increasing dissatisfaction among African-Americans with racial discrimination in the South. The younger and better-educated generations led the Civil Rights movement which, in turn, fostered economic gains for African-Americans in the South. Economic historian Robert A. Margo observes that African-American parents who made sacrifices so their children could become more educated “are the unsung heroes of the Civil Rights movement.”

Visual 1

THE LEGACY OF SEGREGATION AND RACISM

- Until 1940, African-Americans made little economic progress.
- African-Americans remained in jobs as sharecroppers or doing menial work in southern cities.
- In 1940, the black-white income ratio was only slightly higher than it had been in 1900.
- Jim Crow laws denied the right to vote by imposing poll taxes and literacy tests.

Visual 2

THE EMERGENCE OF AN AFRICAN-AMERICAN MIDDLE CLASS

- From 1940 to 1980, a large African-American middle class emerged.
- Approximately 53 percent of employed blacks held skilled and white-collar occupations in 1988, compared to 9 percent in 1940.
- One-third of all black families in 1988 had an income of over \$35,000.
- Half of the improvement in the relationship between black and white incomes occurred before 1960 — before the Civil Rights movement could have had any effect.
- The Civil Rights movement after 1960 was critical in reducing racial barriers to education and employment, but a prior phase of improvement occurred in a period characterized by rigid racial segregation and widespread discrimination. How could that be?

Source: R. A. Margo, *Race and Schooling in the South, 1880-1950: An Economic History* (Chicago: University of Chicago Press, 1990).

Visual 3

THE GREAT MIGRATION

WHY LEAVE THE SOUTH?

African-Americans improved their income by leaving the rural South to take better-paying jobs in the North. In 1960, 41 percent of blacks lived in the North, compared to 10 percent in 1900. Why did they migrate?

IMPROVED ECONOMIC OPPORTUNITIES

The supply of immigrants decreased during World War I. Northern employers turned to southern black men to fill available jobs.

The migration of blacks slowed during the 1930s. With the outbreak of World War II, millions of black people left the rural South for jobs in northern cities.

Visual 4

EDUCATION AND MIGRATION

African-Americans who were educated were more likely to leave the South than those who had little or no education.

INCENTIVES TO MOVE NORTH

- Migrants experienced real wage gains.
- Better-educated blacks had higher incomes and could more easily afford to move.
- Better-educated blacks were more likely to hold nonfarm jobs, and jobs available in the north were nonfarm jobs.
- Schooling facilitated access to information about moving North.

DISINCENTIVES TO STAY IN THE SOUTH

- Schools were inferior in the South.
- Educated African-Americans were less inclined to accept Jim Crow restrictions.

LESSON ELEVEN

Name _____

Activity 1

SEPARATE BUT EQUAL

Directions: Read the information below. Then study the photographs and respond to the Questions for Discussion.

SEPARATE BUT EQUAL

In 1892, the Citizens Committee to Test the Constitutionality of the Separate Car Law — a New Orleans group formed by Louis Martinet, a prominent black lawyer and doctor — arranged for Homer Plessy to test a Louisiana law which called for “equal, but separate” accommodations for blacks and whites traveling within the state on passenger railroads. On June 1, 1892, Homer Plessy was arrested for insisting on being allowed to board a “whites only” car of the Eastern Louisiana Railway Company. He was convicted, and he began a set of appeals that led eventually to the Supreme Court.

In May 1896, the Supreme Court ruled in *Plessy v. Ferguson* that state laws mandating “separate but equal” facilities for blacks and whites were legal under the U.S. Constitution. As a consequence, segregated education also was deemed legal and became firmly established in southern schools. It was not until 1954, in *Brown v. Board of Education*, that the Supreme Court declared that state-mandated racial segregation in schools violates the Equal Protection clause of the 14th Amendment to the U.S. Constitution.

What did the U.S. Supreme Court rule in the 1896 case of *Plessy v. Ferguson*?

What can you infer about the quality of education provided at each school?

Public School for
White Children,
Macon County, GA



Public School for
Negro Children,
Macon County, GA



Photographs from “Preface to Peasantry” by Arthur Raper, University of North Carolina Press, 1936.

LESSON ELEVEN

Name _____

Activity 2

A STATISTICAL EXAMINATION OF AFRICAN-AMERICANS TO 1950

Directions: Examine the tables that follow and respond to the questions.

TABLE 1

ILLITERACY IN THE SOUTH BY RACE

	AGES 10 AND OVER			MALES AGES 20 TO 64		
	BLACK	WHITE	DIF	BLACK	WHITE	DIF
1880	76.2%	21.5%	54.7%			
1890	60.7	14.9	45.8			
1900	48.0	11.7	36.3	50.0%	11.9%	38.1%
1910	33.3	8.0	25.3	40.4	9.4	31.0
1920	26.0	5.7	20.3			
1930	19.7	3.8	15.9			
1940	10.7—15.1	3.8 — 5.0	6.9 — 10.1	12.0—16.7	4.0 — 5.0	8.0 — 11.7
1950	8.9—12.0	2.4 — 3.3	6.5 — 8.7	9.6—13.3	2.5 — 3.3	7.1—10.0

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Source: R. A. Margo, *Race and Schooling in the South, 1880–1950: An Economic History* (Chicago: University of Chicago Press, 1990).

LESSON ELEVEN

Activity 2, continued

TABLE 2

ILLITERACY IN THE SOUTH FOR BLACKS BY AGE AND SEX

	AGE					
	10-14	15-24	25-34	35-44	45-54	55-64
Males						
1880	71.3%					
1890	44.3	49.6%	54.3%	65.7%	91.1%	86.7%
1900	35.6	39.5	40.2	47.9	82.8	77.6
1910	23.2	27.9	28.1	31.7	62.0	47.5
1920	14.5	21.7	23.9	26.9	45.4	36.1
1930	7.4	16.6	20.5	22.9	30.9	
Females						
1880	69.1					
1890	40.0	48.8	69.3	84.9	91.1	93.4
1900	28.7	33.6	47.8	66.6	82.8	88.8
1910	17.3	20.6	28.2	41.9	62.0	77.2
1920	10.4	13.9	20.2	29.1	45.4	64.6
1930	4.9	8.8	14.2	20.7	30.9	45.6

Source: R. A. Margo, *Race and Schooling in the South, 1880-1950: An Economic History* (Chicago: University of Chicago Press, 1990).

LESSON ELEVEN

Activity 2, continued

TABLE 3
SCHOOL ATTENDANCE RATES IN THE SOUTH

	AGES			
	5-9	10-14	15-20	5-20
Black Males				
1880				21.1%
1890	22.4%	48.6%	17.1%	29.5
1900	21.6	49.7	14.9	28.5
1910	38.5	63.7	23.7	41.8
1920	50.8	75.8	26.8	51.6
1930	58.2	86.4	31.4	57.6
1940	64.7	88.6	34.2	61.3
1950	69.2	93.5	45.4	69.3
Black Females				
1880				21.1
1890	23.2	53.1	18.4	31.1
1900	22.6	56.2	19.7	31.9
1910	40.6	70.0	29.2	45.6
1920	52.3	79.4	31.5	53.7
1930	60.3	89.1	35.3	59.6
1940	66.4	91.5	39.1	63.7
1950	70.3	94.6	45.0	69.0
White Males				
1890	38.4	70.4	33.9	49.6
1900	35.0	74.3	32.0	46.4
1910	52.5	84.8	40.6	58.5
1920	61.3	89.8	37.2	62.8
1930	64.4	93.6	42.5	66.6
1940	64.5	93.4	45.3	66.5
1950	69.9	93.2	53.5	71.6
White Females				
1890	38.4	76.6	30.1	47.6
1900	35.0	77.3	31.5	47.0
1910	51.9	85.5	39.2	57.8
1920	61.4	89.9	42.0	63.2
1930	65.3	94.4	42.7	66.2
1940	65.6	94.0	43.8	66.1
1950	71.0	96.5	49.1	71.2

Source: R. A. Margo, *Race and Schooling in the South, 1880-1950: An Economic History* (Chicago: University of Chicago Press, 1990).

LESSON ELEVEN

Activity 2, continued

TABLE 4

THE GREAT MIGRATION

	PERCENT OF BLACKS RESIDING IN THE SOUTH	PERCENT OF BLACKS BORN IN THE SOUTH BUT RESIDING ELSEWHERE
1900	89.7	4.3
1910	89.0	4.9
1920	85.2	8.1
1930	78.7	13.3
1940	77.0	13.5
1950	68.0	20.4

QUESTIONS FOR DISCUSSION

1. What is the pattern over time of black illiteracy rates compared to rates for whites?
2. What is the pattern of black illiteracy by age?
3. What is the pattern of school attendance by blacks and whites of different ages?
4. What is the pattern of black migration out of the South?

Source: R. A. Margo, *Race and Schooling in the South, 1880-1950: An Economic History* (Chicago: University of Chicago Press, 1990).

GIFT GIVING IN AMERICA: WHY DO YOU GIVE THE PEOPLE YOU LOVE THINGS THEY HATE? OR DO YOU CARE ENOUGH TO SEND THE VERY BEST?

INTRODUCTION

History Gift-giving practices involve transactions in which the incentives at stake are usually not monetary. This point might be illustrated by reference to the practice of tipping, in which the anticipated benefit might be continued good service, for example. In this lesson, we explore gift-giving practices associated with the Christmas season. Practices associated with observing Christmas have changed in some respects throughout American history. As the United States evolved from an agricultural, rural society to an industrialized, urban economy, Christmas became for many Americans an important seasonal and family holiday, as well as a time for religious observances. In the course of these developments, Christmas gift giving changed. Prior to the late 1800s, the gifts people exchanged at Christmas were usually handmade, not bought. Cash was very scarce for most people and was not ordinarily used to buy gifts.

During the late 1800s and early 1900s, the U.S. economy grew dramatically. Production became more specialized. Jobs increasingly became year-round activities (unlike most farm work, which was more seasonal). People worked for wages and used their wages to buy goods and services. And people began to observe Christmas with gift giving, parties, and family reunions. Gift giving became an elaborate ritual, involving family members, friends, and business associates in exchanges that seem very different from market exchanges occurring during the rest of the year. Today some retail stores earn 50 percent of all their revenues during the Christmas season, and some producers specialize in the manufacture of holiday gifts.

Other holidays such as Hanukkah, Valentine's Day, and Mother's Day have also evolved in this way. These gift-giving occasions and people's responses to them reflect changes in the U.S. economy as it has grown

more complex, specialized, and wealthy. (For a more complete account of this subject, see *The Modern Christmas in America: A Cultural History of Gift Giving*, by William B. Waits [New York: New York University Press, 1993] and "The Commercialization of the Calendar: American Holidays and the Culture of Consumption, 1870-1930," by Leigh Eric Schmidt, *The Journal of American History*, December 1991, pp. 887-916.)

Economic Reasoning At first glance, gift giving seems inconsistent with economic analysis. Markets depend upon voluntary trades between individuals who expect to receive more than they give up in the trade. Such behavior helps both parties to become wealthier. Gift giving implies no such reciprocal behavior. This is most obvious in the case of gifts given by adults to children. What incentives influence parties to engage in such exchanges? Or is this a case in which the logic of incentives does not apply? Economic reasoning suggests that incentives exist, that they influence gift choices, and that they encourage continuation of gift-giving traditions. The incentives are identified with social and economic roles. Gifts help to establish those relationships and hold them in place. Changes in gift-giving behavior reflect changes in those social roles.

CONTENT STANDARD

- ◆ Economic incentives are powerful motivating forces.

CONCEPTS

Exchange
Incentives
Cost

LESSON TWELVE

OBJECTIVES

1. Distinguish between voluntary trade and gift giving.
2. Explain how social roles can create incentives for gift giving.
3. Explain the incentives involved when people give nonmonetary gifts instead of money.
4. Identify how changes in the economy influence gift-giving behavior.

LESSON DESCRIPTION

Students engage in reading assignments and class discussions to study examples of gift-giving behavior and how it has changed historically, to gain insight into the effect of economic changes on social behavior.

TIME REQUIRED

- ◆ One class period

MATERIALS

- Visual 1 Christmas Gift Inefficiency
- Visual 2 Market Exchanges vs. Gift Giving
- Visual 3 The Role of Women in Christmas
- Activity 1 Sample Christmas Gift List
- Activity 2 A Short History of Christmas in the United States
- ★ Activity 3 Gift Giving in Modern America

PROCEDURE

1. Explain that students are going to investigate the practice of gift giving, using gift giving at Christmas as an example. The purpose is to notice changes in the U.S. economy and to examine incentives associated with gift giving. *Stress that this exercise is not an examination of the religious aspects of Christmas.*

2. Ask students to describe some of the gifts they received during the Christmas season. Place this list on the chalkboard to discuss later.

3. Ask: What are examples of gifts young people were given by adults at Christmas? Place this list on the chalkboard to discuss later.

4. Distribute Activity 1. Ask the students to compare their list to the sample list. *(It doesn't matter whether they have received the same gifts or not. The*

point is to see what gifts they received and whether they liked those gifts.)

QUESTIONS AND ANSWERS FOR ACTIVITY 1

1. Would you have preferred the gifts listed here or would you rather have received \$350 in cash? *(Most students will not want these specific gifts, but they may not want the money either. Money is not as personal a gift. The gifts are given by close friends and family members, as a personal gesture.)*
2. If you could change the gifts, which ones would you prefer not to receive? *(Most will eliminate the underwear. Many will refuse the softball bat because they are not interested in playing the sport.)*
3. How do you help your friends and relatives know what to buy you for Christmas? *(Most people rely upon lists and other hints to let people know what they want.)*
4. Will your mother or father buy something for you that you do not want? *(Usually students will answer yes to this question. Moms and Dads have a tradition of buying one or more gifts that are good for a child even if the child didn't want it as a first choice.)*
5. Why do you think people give you gifts they know are not your first choice? What is their incentive? *(They don't take time to do their research, they want to buy something the giver thinks is important, they don't like your first choice.)*
6. How is gift giving different from just buying what you want? *(Gift giving relates to the relationship between people, while you can buy items from strangers.)*

5. Display Visual 1. Ask: Do you think the economist has identified a serious problem? Would it be better, more efficient to just give people money as gifts for Christmas? *(There should be a spirited conversation about this suggestion, but most people will disagree with it. This alternative seems too impersonal to them.)* Also share with students that this is a "tongue-in-cheek" article. In the article, the author implies that price measures the full value of the gift.



LESSON TWELVE

6. Ask students if they think the purpose of gift giving is to give the recipients exactly what they would have bought themselves. (*Most students would agree that some other purpose is involved, although they may have a hard time identifying it specifically.*)

7. How do you decide what to give someone as a gift? (*Possible criteria: (1) Give her or him something you like. (2) Give something you think he or she should have. (3) Give something you think he or she wants. (4) Give something you think makes you look good in his or her eyes.*)

8. Distribute Activity 2. Ask students to note the changes in Christmas celebration and the ways in which gift giving differs from other types of exchange in an economy.

QUESTIONS AND ANSWERS FOR ACTIVITY 2

1. What types of gifts were given to people before the country became industrialized? (*Handmade gifts.*)
2. Why would city people working in factories find it difficult to make gifts? (*Long work hours year-round in a factory leave very little time for making gifts.*)
3. Why might people who were not Christians celebrate the season by giving gifts to others? (*Gift giving is a pleasurable activity, enjoyed by many people. People began to celebrate the gift-giving holiday as well as the religious holiday.*)
4. Name some of the unusual gifts given to you or your friends in the past few years. Would you have chosen those gifts for yourself? (*Almost any answer is appropriate here. Most people would have chosen some other gift if they had the money themselves.*)

9. Display Visual 2. Discuss the difference between voluntary exchanges and gift giving. Ask: Why would people not want to negotiate gifts? (*You give gifts to people who have a social or personal relationship with you. The gift helps clarify and nourish that relationship. It is not intended that the gift is something a person desperately wants. The*

gift's main purpose is to establish and solidify a relationship with another individual.)

10. Display Visual 3. Ask students to comment on why women might have mixed feelings about Christmas. (*Women had to do most of the preparation and do all the shopping for gifts; men and children enjoyed the pleasant parts of the celebration.*) Women's roles at Christmas are examples of the specialization of tasks emerging as the country's social and economic structures were changing.

11. Distribute Activity 3 and ask students to connect each gift to an individual. Ask: What incentives are operating in each situation? (*Sample answers: Perfume — older sister; silk scarf — close friend #2; sweater — younger brother; hand-held video game — close friend #1; box of candy — high school classmate; music CD — mother; cordless telephone — father; Christmas card — store manager. The incentives may be to reinforce family relationships, maintain friendships, acknowledge close working relationships.*)

CLOSURE

Ask students to summarize what they have learned about incentives and gift giving.

What is the difference between voluntary exchanges and gift giving? (*Gift giving does not require the recipient to return something of greater value. Voluntary exchanges take place when both people believe they are receiving an item of greater value than the item they are giving up.*)

How do social relationships create incentives which influence our gift-giving behavior? (*In a specialized, mobile society, gifts can help reinforce family, social, and professional relationships.*)

As an economy grows, would we expect more or less gift giving to occur? (*More, because the cost of gifts as a percent of one's budget would decline.*)

Ask the students to identify in their journals the incentives at work during their next gift-giving occasion such as a birthday, wedding, or holiday celebration.

Visual 1

CHRISTMAS GIFT INEFFICIENCY

An economic study¹ concluded that Christmas gift giving is very inefficient. Between 10 and 33 percent of all the "gift value" is lost because gift givers do not buy the "right" gift for gift receivers. For example, if someone gives a \$20 book as a gift, it would be efficient if the receiver valued the book at \$20. But gifts do not always work out this way. If the gift receiver would have preferred the \$20 to the book, the gift is inefficient. In economic terms, there is a deadweight loss in this exchange.

If this study is accurate, why do we continue to give gifts to people instead of money?

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¹ J. Waldfogel, "The Deadweight Loss of Christmas," *The American Economic Review* (December 1993), pp. 1328-36.

Visual 2
**MARKET EXCHANGES
VS. GIFT GIVING**

Gift exchanges express the personal bonds between givers and receivers — bonds based on respect, kinship, or affection. The purpose of gift giving is to celebrate, preserve, and foster ties, not to receive equal or greater value in return. In a strict sense, a gift is something given without any requirement that the person who receives it must give something of equal value in return.

Market exchanges are more depersonalized. People making exchanges can be, and often are, strangers. In most cases people making market trades expect to receive greater value from the item acquired than the value of the item given up in the exchange.

Visual 3
**THE ROLE OF WOMEN
IN CHRISTMAS**

It is women who sigh (at the approach of Christmas); so far as men are concerned, Christmas is safe enough with them; they don't sigh because they dread the weeks before the 25th of December. Nor do the young people of our sex groan over the approach of the "merry" day; to them the seven weeks mean only the pleasant slip into December. Does this seem an exaggeration? Ask a dozen women, whose ages range anywhere between thirty and sixty. How many of them can truly say that they never lie awake at night and think about Christmas?

Margaret Deland, 1912

I am a Christmas shopping slacker. I let my wife do it. A Christmas shopping throng is no place for a male person. It belongs to the female of the species, which, as Kipling said, can take more punishment than the male. Man has no chance in the Great American Stampede of the Battering and Benevolent Order of Buffeting Bundle Balancers and Bargain-counter Beleaguers.

A Male Writer, 1924

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LESSON TWELVE

Name _____

Activity 1

SAMPLE CHRISTMAS GIFT LIST

SAMPLE CHRISTMAS GIFTS RECEIVED BY A TEENAGER

- Softball bat
- Six pairs of underwear
- Poster of a movie star
- Christmas tree ornament
- Two sweaters
- Three books
- Three music compact disks
- Camera

Total cost of the gifts: \$350.

QUESTIONS FOR DISCUSSION

1. Would you have preferred to receive the gifts or \$350 in cash?
2. If you could change the gifts, which ones would you prefer not to receive?
3. How do you help your friends and relatives decide what to buy you for Christmas?
4. Will your mother or father buy something for you that you do not want?
5. Why do you think people give you gifts they know are not your first choice? What is their incentive?
6. How is gift giving different from just buying what you want?

LESSON TWELVE

Name _____

Activity 2

A SHORT HISTORY OF CHRISTMAS IN THE UNITED STATES¹

CHRISTMAS AS A TIME OF GIFT GIVING AND CELEBRATION IS PART of a tradition brought to this country by European colonists. The English Christmas focused on the Yule log, the boar's head, and celebrations among adults, with little attention to children. The Calvinists who settled in New England disapproved of Christmas celebrations. Between 1659 and 1681, they even outlawed the celebration of Christmas. Celebrations were not part of the accepted way for these Christians to recognize the birth of Christ. Before 1800 Christmas was not a holiday in New England, and children were required to attend school on December 25.

It was the Northern Europeans, many of them Lutherans, who helped establish the modern Christmas, which is more child-centered and uses the Christmas tree as a symbol. After 1800 Americans began to celebrate Christmas on a larger scale and to provide Christmas gifts to people close to them. Usually the gifts were handmade — made by men and women during the winter, when they had some spare time away from farm work. Usually the gifts were given to children or to the poor.

With the Louisiana Purchase, the United States was influenced by another type of celebration, the Latin Christmas. It put great emphasis on the family and the child in the manger, with less emphasis on adult celebration.

By the 1880s the United States had changed dramatically, both economically and socially. It had become an industrialized country with expanded output, large cities, and many strangers living close to one another. During this time, gift giving became pervasive, and more people found themselves receiving gifts. People generally had little time to hand-make gifts, so they turned to retail stores to buy manufactured gifts for relatives and friends. Christmas increasingly involved gift giving.

During the early 1900s, social reformers appealed to the idea of Christmas in their efforts to persuade people to make charitable contributions and to attack problems of society. Reformers persuaded retail stores to keep regular hours, not expanded ones, so that store clerks could enjoy the Christmas season. They encouraged the giving of a Christmas bonus by businesses to workers.

They encouraged the collection and distribution of holiday charity donations by groups like the Salvation Army. Community Christmas celebrations were established in cities to foster friendship ties and make American cities more like small towns.

By the 1920s, Christmas gift giving had become very important to retail stores. Some stores earned one-third to one-half of all their sales revenues during the Christmas season. They began to advertise products as "good gifts" so that people would consider purchasing them as Christmas gifts. Women had already become very important in family Christmas activity. As men increasingly worked away from home, women usually took responsibility for Christmas shopping and other Christmas preparation. Their Christmas responsibilities made them very influential in the marketplace and very busy at home.

Since the 1920s, Christmas has changed little in the United States. Each year people choose various gifts as sellers find new items that capture the public imagination, especially the imagination of children. Tom Mix hats were popular in the 1920s, Red Ryder outfits and Davy Crockett coonskin hats in the 1950s, Barbie dolls in the 1960s, Pet Rocks in the 1970s, and Cabbage Patch dolls in the 1980s. In what is now the dominant winter festival for many Americans beginning about December 1, people voluntarily go forth to do their shopping and prepare for the big event.

When people open their presents, they often do not get what they want for Christmas. Why not? Gift giving differs from a market transaction, where we know exactly what we are getting. With gifts we attempt to guess what we should give another person. It is usually considered inappropriate to ask that person directly what he or she wants. Even if we knew exactly what our friends and relatives wanted, we might not get it for them. Christmas becomes the season where we choose to give people the gift they wouldn't buy for themselves.

QUESTIONS FOR DISCUSSION

1. What types of gifts were given to people before the country became industrialized?
2. Why would city people working in factories find it difficult to make gifts?
3. Why might people who were not Christians celebrate the season by giving gifts to others?
4. Name some of the unusual gifts given to you or your friends in the past few years. Would you have chosen those gifts for yourself?

¹ Much of this information was taken from William B. Waits, *The Modern Christmas in America* (New York: New York University Press, 1993).

LESSON TWELVE

Name _____

Activity 3

GIFT GIVING IN MODERN AMERICA

THE FOLLOWING GIFTS WERE GIVEN BY A 28-YEAR-OLD assistant manager of an electronics store in a small city in the Midwest to the people listed. Examine the list of people and decide which person received which gift. Remember that gift giving is influenced by incentives and relationships.

GIFTS	PEOPLE
Sweater	Store manager
Silk scarf	Close friend (#1)
Hand-held video game	Younger brother
Classical music CDs	Older sister
Box of candy	Father
Christmas card	Mother
Cordless telephone	High school classmate
Perfume (favorite)	Close friend (#2)

WHY WOULD GRAPE PICKERS ASK PEOPLE NOT TO BUY GRAPES?

INTRODUCTION

History: The United Farm Workers strike (1965) against California grape growers is an event with complex origins in American history. The story is interesting because of its relationship to Latin American immigration, the growth of the U.S. economy, and the use of strikes by labor unions as a tactic to increase union worker incomes.

Mexican immigrants have dominated the U.S. population of migrant farm workers since the early 1900s. Some had ancestors who lived in the Southwest when that area belonged to Mexico, but most moved north as a result of the violence of the Mexican revolution, the poor rates of economic growth in Mexico, and the growing economy in the United States during the 1920s, 1940s, 1950s, and 1960s.

During the same time period, union membership grew dramatically in the United States among factory workers. Workers in the coal, steel, railroad, and other industries often used strikes as tactics to bargain for higher wages. Some efforts also were made to organize farm workers, but these efforts met with limited success.

In 1965, Cesar Chavez, the leader of the United Farm Workers (UFW), brought the farm workers' demands to a national audience. He led a strike against the California grape growers and fostered a boycott of table grapes by consumers. The strike/boycott came at a time when California had become the largest food-producing state in the country, when the national economy was growing strongly, and when most workers were experiencing increased incomes and purchasing power.

In 1970, 26 California grape growers (responsible for producing about 50 percent of the grapes in the state)-signed an agreement with the UFW. But the agreement did not mark a permanent increase in the incomes and status of farm workers. Other farm workers, including new immigrants from Central America and the Caribbean, had been willing to replace strikers throughout the strike, and farm

mechanization had reduced the demand for farm labor. The strikers, therefore, were not able to reach all their goals in the negotiated settlement.

Chavez and the UFW did achieve increased national awareness of farm workers, however, primarily through drawing media attention to the grape strike and boycott (and subsequent boycotts in the 1970s and 1980s). This awareness created an audience for later media attention to farm workers' issues like pesticide poisoning, and it contributed to increased public awareness (both favorable and hostile) of Latino/Chicano social movements. It is clear that the grape boycott did not solve the workers' demands for higher incomes and job stability. But the grape boycott may have created another benefit for farm workers (and some low-income Latinos/Chicanos) by increasing the national audience for media stories about farm workers' demands and to some more general Latino/Chicano goals.

Economic Reasoning Unions seek to win higher wages for workers in a variety of ways including limiting the supply of labor. Strikes are a dramatic example of reducing supply and imposing costs of unmade, unsold products on producers. These tactics can be very effective if the supply of labor can be controlled.

The supply of labor was difficult to control in the case of the grape growers and farm workers. The work of grape picking was unskilled, and many people could do it. Immigrants from poorer countries were willing to work in these jobs because the working conditions, living conditions, and wages (although poor in the opinion of many native-born Americans) were better than the workers' alternative choices. When the union could not impose costs on the producers by withholding enough labor, the union leadership attempted temporarily to reduce the demand for the producers' products by asking for a consumer boycott of table grapes.

LESSON THIRTEEN

CONTENT STANDARD

- ♦ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.

CONCEPTS

Strike
Boycott
Incentives
Labor market
Supply
Demand

OBJECTIVES

1. Describe the purpose of a strike and of a boycott.
2. Explain why a union would ask workers to strike their employers.
3. Explain how a successful consumer boycott could help striking workers negotiate a settlement with producers.
4. Explain how strategies to improve worker incomes can fail when the strategies produce unanticipated outcomes.
5. Construct arguments for alternative policies a union can use to improve wages and working conditions of employees.
6. Recognize the complexity surrounding these decisions which made it difficult for union leaders to achieve their goals.
7. Note how labor market conditions can influence worker incomes and working conditions.

LESSON DESCRIPTION

Students examine the problems of grape workers. Students work in small groups to identify the costs and benefits associated with alternatives the grape workers might consider.

TIME REQUIRED

- ♦ One class period

MATERIALS

Visual 1 Definitions
Visual 2 The Problem and the
 Proposed Solution

Visual 3 The Consequences of the Proposed
 Solution

□ Activity 1 Alternative Solutions

PROCEDURE

1. Explain that the purpose of this lesson is to examine why grape pickers encouraged grape consumers not to buy grapes. Display Visual 1. Explain the difference between strikes and boycotts. Ask: Which group must a union convince to cooperate in each situation? (*Strike — workers; boycott — consumers.*) Note that different incentives are required to convince each group to support the union's goals.

2. Ask students to imagine that they work in a restaurant which serves only seafood. The job is important to them, and it is a difficult job to get because many people are willing to work at the restaurant. Ask: Would you tell restaurant customers that they should stop buying and eating seafood — to advocate a seafood boycott? (*If students say no, encourage them to refer to the connections between a continuing demand for seafood and the supply of jobs for seafood restaurant workers; if the demand for seafood drops, the demand for seafood restaurant workers will drop.*)

3. Display the first half of Visual 2. Review the context of the UFW grape boycott between 1965 and 1970 (see History section of the lesson introduction), and respond to student questions.

4. Display the second half of Visual 2. Review the choice that the UFW made and its outcome.

5. Display Visual 3. Discuss the alternative solutions. Students should understand the elements of the solutions (for example, why a higher demand for grapes might create a higher income for grape pickers) before they begin to work in small groups. As necessary, review the concepts of incentives, supply and demand, benefits and costs. Refer the students to the short-term and long-term outcomes of the actual solution as well; remind them to consider many possible consequences when they review their solutions.

6. Divide the class into five groups. Assign a solution to each. Tell the groups to analyze and discuss their alternative, and to identify the consequences that they believe would have resulted from

LESSON THIRTEEN

choosing their alternative. The group that analyzes the actual solution will take a slightly different direction and should be instructed to compare the consequences of the actual solution to those consequences anticipated by the UFW.

POSSIBLE ANSWERS FOR ACTIVITY 1

Alternative 1.

Benefits: Workers who are already in the United States will have fewer competitors when they look for farm jobs. The lower supply of workers will increase the "cost" of workers, and growers will pay higher wages and provide benefits (shorter working days, better conditions, etc.).

Costs: The costs of higher wages will increase production costs for growers, which might result in higher prices for consumers. Limiting or stopping immigration will require a federal law and ongoing enforcement of it. With thousands of miles of border, the United States provides many points of access, and patrol of these borders will cost a lot of money (taxes will go up). If illegal workers do get into the United States, the costs of catching them will be high, because there are many farms. Public criticism of this solution might be strong, because some people will be unwilling to pay the financial costs of enforcement, and others will argue that the farm workers (sometimes recent immigrants themselves) are trying to keep *new* immigrants from enjoying the opportunities that past immigrants have had. This solution will require much organization and support from many people who might not see any benefits in it for themselves.

Unanticipated Consequences: A backlash against farm workers might start. Growers would mechanize even faster if labor costs were higher.

Alternative 2.

Benefits: With a higher demand for grapes, growers will need to hire more workers, or give the current workers higher incentives for working more (better pay, better conditions). The increased demand might create a higher price for grapes, and growers could more easily afford to pay higher wages to farm workers.

Costs: To get consumers to buy a lot more

grapes, some special attention to grapes will have to be generated and maintained. The government bought more grapes between 1965 and 1970, but this occurred partly because of the special situation created by the boycott. It will be expensive to keep that kind of "spotlight" on grapes. Also, growers of other fruit will push the government to buy more of their crop (and the government may need to raise taxes if it has to buy more of all fruits). Alternatively, if private consumers are going to be convinced to buy more grapes, the farm workers will have to pay for advertising (like the California raisin ads), and these will be expensive. Again, other fruit growers might buy their own ads, competing for consumers.

Unanticipated Consequences: Mechanization would still reduce the jobs available, and with higher incomes the growers might be able to mechanize more rapidly. The higher demand might result in more competition from grape growers outside the United States. (If people *really* want grapes, they will pay for imported grapes from Chile, Mexico, and elsewhere. Of course, the higher demand for farm workers in other nations might reduce immigration into the United States, and decrease the need for Solution 1.)

Alternative 3.

Benefits: A more stable job with better pay would eliminate the problems associated with farm work.

Costs: If individuals choose this solution they will have to find financial support while they train for a better job (this will probably involve going to school or college). They will have to take out loans, or keep working while in training (and if they do have to keep working, they may not be able to devote enough energy to their studies and other obligations). If groups choose this solution they may be able to combine their resources initially and pay for the education of selected members of the group. A family or household might do this (for example, aunts, uncles, cousins, etc., could help pay the tuition). A group with some common identity or purpose might also do this (members of a church, members of an ethnic group, members of a neighborhood, or town). A larger group might also do this; for example, a

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state might agree to pay scholarship money to selected farm workers. All of these options will cost money. The motivation to pay the money might be stronger if those paying it believe that they will benefit from the payments (because a loved one will be better off, because friends and neighbors will be, because the society one lives in will be strengthened, and so on). Creating those motivations will cost time and money, too.

Unanticipated Consequences: Leaving one's friends and family might create loneliness and make the job training harder. The new job might present new problems. Income from the new job might be higher than expected, and could enable the worker to help others retrain. Growers might resist such retraining if they think that they will lose too many workers. Of course, mechanization might mean that growers would require fewer workers, anyway.

Alternative 4.

Benefits: Because the situation is familiar, there will be no need to make new adjustments or devote energy and time to developing solutions for the familiar problems.

Costs: The low pay and unpleasant working conditions may continue. Or they might not continue, but in either case the workers must simply accept the outcome. They must pay a cost of "uncertainty" because they will not take action to influence their futures (other than to continue accepting things as they are). If the workers accept the conditions entirely, they may perpetuate a cycle of acceptance (younger family members may continue to move into farm work). This will continue the problems in the future. (If the workers accept the conditions for themselves but try to create opportunities for others to choose work other than crop picking, they may be a part of Solution 3.)

Unanticipated Consequences: Mechanization will still occur if growers can use machines for less cost than the amounts they pay to employ pickers. Of course, demand for grapes could increase, or the supply of workers might decrease, without the workers' having taken action; then, the workers might benefit even though they did

nothing to create the new circumstances. Pesticide poisoning might be recognized as a major problem, and workers would be struck with the illness and birth defects.

Alternative 5.

Comparison of Anticipated Consequences of UFW Decision To Actual Consequences

Anticipated Benefits: The UFW did gain the national attention that it wanted, and the boycott/strike did result in the contracts signed in 1970. Americans are probably more aware of farm workers today than they would have been if the UFW and Cesar Chavez had not acted.

Unanticipated Benefits: Because of the media attention to the boycott, there was an audience for the later stories about pesticides and possible damages. (This audience increased with the attention that environmental issues received in the 1970s and later.) Solutions to pesticide problems may now be more advanced than they would have been if the UFW had not launched its boycott. This is an unanticipated benefit. (The UFW and Cesar Chavez helped draw attention to low-income Mexican-Americans/Latinos, and some political and social influence occurred as a result. This was a benefit that the UFW and Chavez probably anticipated to some extent.)

Anticipated Costs: The strikers faced some violence, and strikebreakers were brought in to harvest crops. While on strike, the UFW workers experienced problems because they had no direct incomes (perhaps more poverty than they had experienced while working). Some growers became more antagonistic toward workers.

Unanticipated Costs: The strike/boycott probably contributed to growers' interest in mechanizing their farms. Greater competition for the farm-worker jobs developed, as more immigrants entered the United States and growers could offer jobs to the newcomers (who would often work for lower wages).

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7. Reconvene the class as a whole. Have the reporter from each group offer the group's answers and explain the group's reasoning. Then ask the class to think critically about the groups' ideas (refer to the possible answers, suggest any elements of those answers that students may not have proposed).

8. Ask the students to comment on their evaluation of the choice that the UFW made in 1965-70, in light of the alternatives. Did any of the students or groups reconsider their ideas as they reviewed the hypotheses of the other groups? Encourage them to recognize that the UFW choice was one of many alternatives. Economic reasoning suggests that the UFW believed it was making a choice that would result in beneficial consequences.

Because history cannot be repeated (the UFW cannot return to 1965 and select one of the other alternatives to see if it would result in more beneficial consequences than the choice made), the students cannot test the results of their hypotheses against actual results. Tell the students that economists often cannot test their hypotheses directly but must make the best arguments for their proposals using available information and economic concepts. Because alternatives are often complex, economists and other social scientists often fail to reach full agreement about a proposed solution to a problem. Economic arguments, however, employ standard formats (recognized concepts, reference

to available information and evidence, reasoning skills) that are similar to those used by the students in this lesson.

CLOSURE

Ask students to consider this statement:

The UFW strike and boycott was a failure from the beginning. The leaders knew that the workers would bear costs during the strike and that the strike would create incentives for growers to mechanize the harvesting of food products. Why didn't the leaders have the foresight to come up with a plan which involved (1) no costs, only benefits; (2) no new problems; (3) no unintended consequences?

Answer:

- (1) In this world, people compete to use scarce resources in different ways. All alternatives involve costs. Costs cannot be avoided, only minimized.
- (2) In a world of specialization and interdependence, no change can occur without creating new problems of cooperation and exchange.
- (3) In a world where the future cannot be anticipated perfectly, there will always be some unintended consequences.

Visual 1 DEFINITIONS

STRIKE: A decision of unionized workers to stop working for an employer and to prevent others from taking their places in order to gain improved benefits.

BOYCOTT: A decision by consumers to stop buying a particular product, in order to achieve a political or economic goal.

Visual 2

THE PROBLEM AND THE PROPOSED SOLUTION

THE PROBLEM

In 1965, thousands of farm workers (many of Mexican-American ancestry) migrated from farm to farm to harvest vegetables and fruit. Although the work did not usually involve special skills (children and teens often worked as harvesters), it was physically demanding and involved long workdays and work weeks.

Farm workers wanted higher pay and better working conditions (such as 40-hour work weeks). Demands for higher wages were seldom honored. Fruit and vegetable growers (farm owners and corporations) could usually find workers willing to harvest crops for low wages. Farm workers who refused to accept the low pay would be replaced.

THE PROPOSED SOLUTION

In 1965, Cesar Chavez and a group of workers that would subsequently be named the United Farm Workers called for a strike against grape growers in California. The strike was intended to keep farm workers from agreeing to pick that year's grape harvest. To call attention to the strike and the demands of the UFW (many members of which were Mexican-American), Chavez asked Americans not to buy grapes. He wanted to put pressure on the grape growers. He also wanted to educate Americans about the conditions that farm workers experienced. Chavez believed that very few Americans were aware of farm workers' conditions, and he knew that when the national news media had focused on racial segregation in the South, civil rights protestors there had gained more support.

Visual 3

THE CONSEQUENCES OF THE PROPOSED SOLUTION

SHORT TERM (1965–1970)

The strike and boycott lasted for five years, although the grape growers were generally able to find workers during that time who would cross the UFW picket lines and harvest the crops. Recent immigrants to the United States, especially, were often willing to work for wages offered by the growers. The boycott did not shut off the demand for grapes entirely (and when the U.S. government decided to buy grapes to feed the military, this increased demand offset the reduced demand caused by the boycott). Some violence accompanied the strike, and grape growers were placed in a national spotlight by media attention to the boycott. In 1970, about two dozen major grape growers signed a three-year contract with the UFW, granting higher wages to the workers.

LONG TERM (1970–1990s)

The UFW continued to call for strikes and boycotts after 1970. The contracts with grape growers expired, and other vegetable and fruit growers resisted the UFW demands for higher wages. Ongoing immigration brought new waves of potential farm workers into competition with UFW workers (causing the supply of labor to rise). Farm mechanization reduced the number of available jobs for farm workers (causing the demand for labor to drop). Media attention to Cesar Chavez and the UFW continued, and when farm workers argued in the 1970s and 1980s that exposure to pesticides caused illnesses and birth defects, many Americans were familiar with farm workers' conditions from the earlier stories about the boycott. Cesar Chavez (1927–1993) became a nationally known figure who drew attention to many issues that involved low-income Latinos (or Chicanos, which was a more common term in the 1960s and 1970s).

LESSON THIRTEEN

Name _____

Activity 1

ALTERNATIVE SOLUTIONS

ALTERNATIVES

Directions: Select one of the alternatives that follow. By responding to the questions at the end, tell what would happen if your alternative were implemented. Pay special attention to costs, benefits, incentives, supply, and demand.

1. Create a lower supply of farm workers by working to limit or end all immigration (legal and illegal) into the United States.
2. Create a higher demand for grapes by working to create a sustained, significant increase in the national purchase of grapes.
3. Abandon farm working as a job and find a job that pays more and is more stable.
4. Accept the low pay and poor working conditions and live with the poverty and physical discomfort.
5. Organize a grape workers' strike to limit the supply of labor and ask American consumers not to buy grapes to reduce demand.

SOME POINTS TO CONSIDER

- How many people will it take to implement your alternative?
- If your alternative requires participation from others, who are they? How likely are they to support your solution?
- What will your solution cost? (*Remember that costs are not just financial, but can also be social, emotional, physical, etc.*)
- Will your solution create any *new* problems for others? If so, what might the reaction be from those people, when they see these problems?

QUESTIONS FOR DISCUSSION

1. If farm workers chose in 1965–70 to pursue your alternative (or did pursue it), what favorable consequences (benefits) would they have anticipated?
2. What unfavorable consequences (costs) would they have anticipated (or did they anticipate)?
3. With historical hindsight on your side, what unanticipated consequences do you think might have resulted (or did result) from the alternative you are analyzing?

LESSON FOURTEEN

WHY HAVE AMERICANS CLIMBED SO MANY MOUNTAINS?

INTRODUCTION

History Migration, mobility, and exploration have been characteristics of American history for many centuries. Attracted by the opportunities in North America, people began migrating from Siberia into the harsh and mountainous environment of Alaska about 30,000 years ago. Eventually their descendants settled the entire territory of North and South America. In the seventeenth century, another wave of explorers and settlers crossed the Blue Ridge Mountains to assess the resources to the west. Stories of people traveling through the Cumberland Gap emphasized the great risks of traversing these land obstacles. During the subsequent years, many thousands of people crossed the Appalachians to settle in the western territories. In the 1840s a great westward migration of people followed long overland routes through the Sierra Nevada and Cascade Mountains to get to the fertile regions of California and Oregon. Some migrants, owing to bad weather, bad timing, poor preparation, or inaccurate information, failed to traverse the rugged mountains. The Donner Party is the classic example of the high costs associated with risky travel.

During the 20th century, people's relationship to mountains changed. Mountains became places for recreation. Mountain and rock climbing became popular sports. Now Americans climb mountains for the rewards of public acclaim or self-satisfaction. Climbers and hikers such as John Meier and Fay Fuller have alerted the nation to its mountainous wonders and have encouraged their protection in the form of national parks. Today mountains are used increasingly for skiing, hiking, climbing, and hunting. People continue to migrate to mountain settings from cities on weekends and during vacations. As a result of this history, "mountain climbing" has become a significant metaphor for modern Americans. It symbolizes activities ranging from the pursuit of social justice to the entrepreneurial development of new businesses.

Economic Reasoning Economic reasoning suggests that a combination of incentives (abundant wildlife, fertile land, precious minerals, personal

freedom) and the opportunity to pursue them motivated many Americans to climb mountains, literally and figuratively. Whether the ascents were actual or metaphorical, they involved potentially high costs (including loss of life). To lower the costs and thus lower the risks associated with the climbs, individual climbers gather information and develop skills before they set out. Each climber has to consider many variables involved in a potential climb, including the degree of risk, the relationship between the potential value of the incentives and the potential costs, the accuracy of available information, and the amount of skill needed. History lets us analyze these variables, in specific contexts, to explain the successful and failed ascents of the past. Projecting into the future, economic reasoning suggests that future ascents (whether rock climbing, starting a business, or learning a trade) will involve risk which can be moderated, but never eliminated, by accurate information.

CONTENT STANDARD

- ♦ All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.

CONCEPTS

Costs
Benefits
Incentives

OBJECTIVES

1. Explain the decision to climb mountains in terms of anticipated benefits and anticipated costs.
2. Recognize that concepts help individuals form theories to explain universal patterns of behavior.
3. Recognize that theories are supported by specific evidence and examples and are supplemented and expanded by new evidence and examples.

LESSON FOURTEEN

LESSON DESCRIPTION

Students participate in a class discussion about the costs and benefits of climbing mountains. They work in small groups to analyze the costs and benefits in one of four expeditions.

TIME REQUIRED

- ◆ One class period

MATERIALS

- Visual 1 The Mystery Trip: Would You Climb These Mountains?
- Visual 2 Welcome to Alaska, Travelers!
- Visual 3 Explanations of Concepts
- Activity 1 Crossing the Blue Ridge
- Activity 2 Hastings's Unreliable Guide
- Activity 3 Fay Fuller
- Activity 4 Do Rock Climbers Have Rocks in Their Heads?

PROCEDURE

1. Display Visual 1. Ask students to explain why anyone would undertake this trip. (*Using their answers, draw out the concepts of incentives, costs, benefits, and risks. For example, if a student says "it would be too cold and scary for me," rephrase that answer by observing that the student is describing costs that are greater than perceived benefits. This discussion might also highlight incentives that would change the student's mind; for example, would the student overcome fear of the cold if a million dollars were available to her or him as a benefit?*)

2. Display Visual 2. Explain that the Asian nomads were pursuing incentives when they followed animal herds to Alaska. Use the concepts of costs, benefits, risks, and incentives to explain the nomads' choices and actions.

3. Display Visual 3. Divide the class into small groups (depending on the class size, four or eight groups would be best). Give each group copies of one of the four activity sheets (Activities 1, 2, 3, 4). Ask the students to read the activity sheet they have been assigned and locate (or reason out) examples of the six concepts explained on Visual 3. Refer the students to the questions at the end of Visual 3, and suggest

that they use those questions to guide their analysis. Ask the students to designate a recorder for their group — someone who will write down the group's answers. Ask them also to choose a presenter or presenters, who will transfer the answers to the chalkboard and/or tell them to the rest of the class.

4. Reconvene the class as a whole. Have the presenters list their examples (preferably in written form), and offer brief oral explanations of them. (To organize the presentations and subsequent analysis of them, you may want to use a matrix on a board visible to the class. List the six elements from Visual 3 at the top of the board. Have the presenter from each group list their answers on the board, using the matrix. This may help students recall that the six elements form a "universal" framework for their particular explanations. Across the top of the matrix list Costs, Benefits, Incentives, Risks, Affirmation, Skills. Down the left side list Climber 1, Climber 2, and so on.) Discuss the distinctions between the answers; for example, the Donners wanted better farmland, while Fay Fuller wanted personal and public recognition of women's abilities as mountain climbers. Ask the students what would happen if they substituted one answer for another among the various stories (for instance, if they said that the Donners anticipated the benefit of being recognized as successful female mountain climbers). Their answers should suggest that particulars of evidence are significant, and that historical or other accounts become inaccurate when such exchanges are made.

5. Finally, have the class construct a "universal explanation" of mountain climbing in American history. This explanation should draw upon the six concepts that they have used to organize the particular accounts of their case studies in mountain climbing. Although the final versions of this will vary according to the students' various suggestions, the following suggests a possible answer:

People climb mountains because they think they will benefit from doing so. They may know there are costs involved in climbing, but they think the benefits will be greater. They accept the risks of climbing because they think they can control the costs and achieve the benefits they want. Controlling the costs is usually easier if the climbers have a lot of information and good skills related to their climbs.

LESSON FOURTEEN

If students' answers offer too many particulars (for example, "people climb mountains to obtain better land"), remind them about the other incentives that motivated mountain climbers (for example, Fay Fuller's choice to demonstrate that women could climb Mount Rainier). If students' answers are too vague (for example, "people climb mountains because they want to"), remind them of the six concepts on Visual 3.

CLOSURE

Ask the students to think about "mountain climbing" in their own pasts or futures. Tell them that any challenge might be thought of as a kind of mountain climbing. Solicit some of their examples (these might include finishing school, getting a job, improving a personal relationship, coping with social problems or pressures, etc.).

Ask them if the "universal explanation" of mountain climbing they have formulated would be an accurate explanation of how and why they tackle the challenges in their own lives. If they agree that it would be, ask them why. (Look for answers that

identify the usefulness of the six concepts; for instance, a student might describe "getting a better job with a college degree" as an incentive for applying to colleges.) If they disagree, or think that the universal explanation would be only partially accurate, ask them why. (Look for answers that suggest that the universal explanation is too broad to provide a clear, specific outline of a student's own situation; for instance, the student might argue that it is important to know that she lives in Chicago and is working to decrease the use of drugs in her neighborhood.)

Suggest to the students that they have now recognized two of the basic components of social studies. One, the use of broad theories and universal explanations, helps students locate and define patterns of human behavior. The other, identifying and outlining factual details, helps students recognize the complexities and diversity of human experiences. Suggest that these lessons, by combining the approaches of several social science disciplines (especially economics and history), will give them useful ways to organize and evaluate the subjects that they study in the future.

Visual 1

THE MYSTERY TRIP: WOULD YOU CLIMB THESE MOUNTAINS?

You do not have a map, there are no roads or pathways, and there are no signs. It is very cold, well below freezing. It is snowing. You do not have a car, bicycle, motorcycle, bus, airplane, or even a wagon.

You know how to kill animals, how to prepare them for cooking, and how to light a fire without matches. You are strong and know a lot about how to survive in harsh climates. You can make shelters from available materials, and you are pretty good at predicting the weather.

Ahead of you are some of the world's highest mountains, reaching to heights between 15,000 and 20,000 feet. There are also rivers, valleys, and cliffs. Would you consider climbing these mountains?

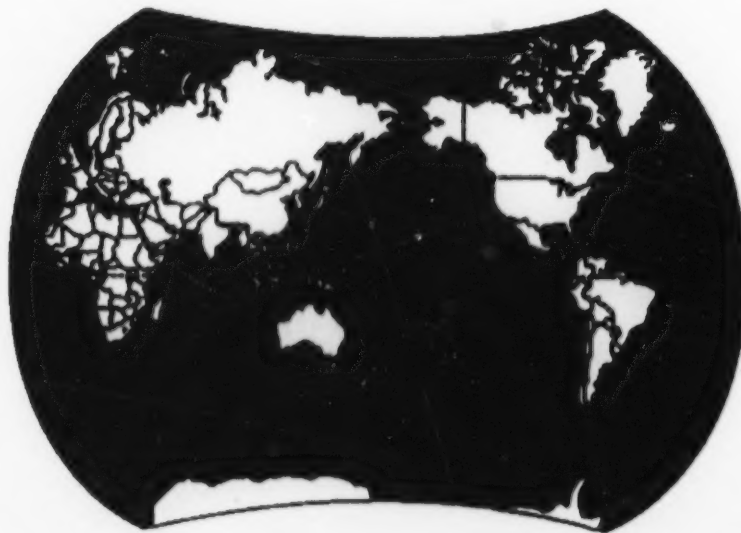
Visual 2

WELCOME TO ALASKA, TRAVELERS!

Between 20,000 and 40,000 years ago, people from Siberia took the mystery trip — into Alaska. Scholars believe that they walked across a land bridge that connected Asia to North America at that time. They were hunters and nomads, and they lived by following herds of animals. The animals were a source of food, clothing, tools, and other essentials for survival.

By following the herds into Alaska, the Asian travelers paid high costs. Some died from the cold, from the rugged and dangerous terrain, and some starved when they became separated from the herds or other travelers.

But the Asian travelers almost certainly earned benefits, too. They stayed in Alaska, or moved farther east and south. They found more animals, land, water, and eventually (we are talking thousands of years here!), their descendants occupied all of the American continents.



Route of Asian Migrants Into Alaska
(land bridge later covered by water)

Visual 3

EXPLANATIONS OF CONCEPTS

- Costs:** These include anything people give up when making a choice. To take a trip over mountains they may give up home, friends, work opportunities, even an opportunity to marry.
- Benefits:** These are the things that people gain or earn when they make choices. They might gain options that they didn't have before, such as new possessions, better relationships with people, money, or better health.
- Incentives:** Incentives are the promise or potential of benefits outweighing costs. When people anticipate a very desirable benefit as a result of their choices and actions, they have an incentive to make those choices and actions.
- Risks:** Since people do not have perfect information about the future, they cannot be certain that their choices will work out as they anticipate. Therefore, they take risks when they pursue incentives. Risk can be reduced by accurate information, skills, and careful preparation.
- Information:** This is knowledge gained from study, observation, or investigation. Its accuracy is important.
- Skills:** These are competencies related to accomplishing mental or physical tasks. Greater competency often comes from practice.

Now Look at Your Climb! (as explained in your activity sheet)

- What were the incentives that the climbers pursued?
- Which benefits did they anticipate, and which costs?
- What information and skills did they have regarding their climb?
- Did they have enough information and skills to avoid the risks involved in their climb? Or, did they face more costs than benefits, in the actual (rather than the anticipated) climb?

LESSON FOURTEEN

Name _____

Activity 1

CROSSING THE BLUE RIDGE

IN THE EARLY 1600S, ENGLISH SETTLERS OCCUPIED territory along the Atlantic coast, in a colony called Virginia. By the 1670s, the colonial government was ready to claim more territory further inland. Governor William Berkeley organized an expedition to cross the Blue Ridge, a range of mountains that separates coastal Virginia from the Ohio River Valley to the west.

Three English colonists and an Appomattox Indian named Percute (who knew the area) formed the team of explorers. They hoped to see if the mountains could be crossed safely and to locate good land west of the Blue Ridge. The expedition successfully crossed the Blue Ridge and returned with accounts of the journey. It was the first recorded climb by European-Americans of the Blue Ridge.

One of the explorers, Robert Fallam, kept a journal. These are selections from his observations:

- *September 8, 1671:* We came to the foot of the first mountain, went to the top, and then came to a small descent . . . we travelled all

day over very stony, rocky ground, and after thirty miles travel this day we came to our quarters.

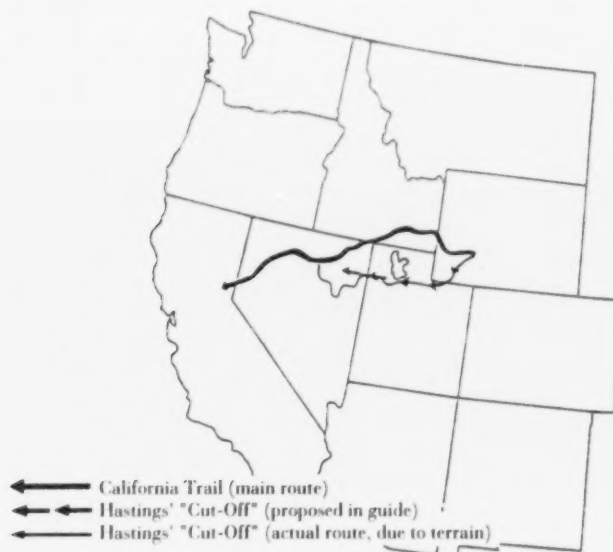
- *September 9, 1671:* We came to a steep descent at the foot . . . after we were over that, we came to a very steep descent . . . Percute [was] taken very sick of a fever and ague every afternoon.
- *September 12, 1671:* Went over several high mountains and steep Vallies crossing several branches and the River Roanoke several times, all exceedingly stony ground.
- *September 13, 1671:* After we had travelled about three miles we came to the foot of the great mountain and found a very steep ascent so that we could scarce keep ourselves from sliding down again. When we got up to the Top of the mountain and set down very weary we saw very high mountains lying to the north and south as far as we could discern.

LESSON FOURTEEN

Name _____

Activity 2

HASTINGS'S UNRELIABLE GUIDE



IN 1842, LANSFORD HASTINGS TRAVELED WEST FROM OHIO TO Oregon, and from there he walked on to California. He then returned to Ohio, by ship and across Mexico, and then by ship again to New Orleans. In 1845 he published *The Emigrant's Guide to Oregon and California*.

Unfortunately, the *Guide* offered suggestions that went beyond the scope of Hastings's own travels. Although he had not taken this route himself, he recommended a "shortcut" for those travelers who wished to go directly to California from the main trail across the Central Plains. The recommended shortcut came to be known as "Hastings' Cutoff," and it looked good on paper:

The most direct route, for the California emigrants, would be to leave the Oregon route, about two hundred miles east from Fort Hall; thence bearing west southwest, to the Salt Lake; and thence continuing down to the bay of St. Francisco, by the route just described. The emigrants, up to this time, however, have traveled together, as far as Fort Hall, because of this being the only settlement, in that vicinity, at which they are enabled to procure horses, and provisions. The soda springs, however, will, undoubtedly, be found to be the point, at which the routes will most advantageously diverge, both in reference to directness, and to the obtaining of supplies; for there is no doubt, but that a town, of very considerable importance, will spring up, at that point, in a very few years.

The entire distance by this route, from Independence, either to Oregon or California, is about twenty-one hundred miles.

Hastings did return to the West in 1846 to check out the route that he had just recommended. His party found that it was shorter on paper, but filled with problems (steep cliffs, lack of water, and rough mountain passes). Nevertheless, based on the *Guide* and Hastings's assurances that the route was good, 87 people in what came to be known as the Donner Party (a group of travelers, en route to California to settle in the rich farming valleys there), subsequently decided to follow Hastings' Cutoff.

The Donner Party was not well prepared for the trip and had already experienced problems before it reached Hastings' Cutoff. The Cutoff then slowed them down so much that they were trapped by early blizzards in the High Sierras of California. They pushed west, but the horses and wagons could not move well through the heavy snowdrifts. With food running low, various families and groups built makeshift shelters. As weeks passed and then months, some Donner Party members began to die from starvation and disease. To survive, some others decided to eat the flesh of those who died. When rescuers finally reached the stranded travelers, they found that the hard winter of 1846-47 had taken a heavy toll. Only 39 members of the original party had survived the gruesome experience. Even the survivors had to live with memories of watching loved ones die — and, in some cases, with horrifying memories of the cannibalism that had kept some alive.

LESSON FOURTEEN

Name _____

Activity 3

FAY FULLER

MOUNT RAINIER, IN THE CASCADE RANGE OF WASHINGTON State, is over 14,000 feet high and covered with snow (and glaciers) throughout the year. Although the native people who first lived in the area did not see any reason for climbing Mount Rainier (which they called Tahoma), the European-Americans who arrived in the area in the mid-1800s were quite intrigued by the high peak.

In 1852, apparently on an impulse to see if they could do it, three or four early explorers came within several hundred feet of the top of the mountain; they reported later that the view was "enchanted." Later climbers did succeed in reaching the summit, and they began to locate and record the most effective ascent routes.

In 1890, inspired by Philemon Van Trump, a popular climber of Mount Rainier, a young woman named Fay Fuller decided to try to become the first woman to climb the mountain. During the 1800s,

many Americans believed that women were physically weak and suited only for domestic activities. Some women began to challenge these beliefs, pursuing athletic interests such as bicycling and hiking. Fay Fuller knew that such women were often criticized or insulted, but she also believed that her friends and family might support her choice.

She had to work to locate a group of male climbers who would agree to her plans, but she finally convinced some to let her accompany them. Dressed in heavy skirts and hosiery, as considered suitable and necessary for women in 1890, Fuller spent three days scaling the mountain. She and her male companions suffered from exposure to the cold and from altitude sickness (although, they said, vomiting made them feel better). After her success, Fuller published accounts of the climb. Many people were still critical of a woman who would pursue such a "masculine" goal, but Fuller also was praised and admired by some.

LESSON FOURTEEN

Name _____

Activity 4

DO ROCK CLIMBERS HAVE ROCKS IN THEIR HEADS?

IN THE 20TH CENTURY, ROCK CLIMBING HAS BECOME A popular sport. Some colleges and public schools now have "practice rocks" available for students. The University of Washington, for example, has a human-made wall with handgrips and toeholds, so climbers can practice their moves in the middle of a city.

Although modern technology has greatly streamlined and strengthened the equipment that climbers use, including their ropes and related clamps and pitons, the sport is still dangerous. Some of the world's most accomplished climbers have fallen and suffered injuries (and even death).

Climbers nevertheless continue both to pursue new challenges and to develop new equipment that can provide safety for climbers. Many climbers try to combine even more difficult climbing routes with safer, stronger, and less environmentally harmful tools. The goal is to make climbing very, very hard, but to survive a tough climb and come back to the mountains to try again. If the equipment makes the climb too easy, many climbers aren't satisfied. But if the tough climb is too dangerous, many climbers will seek ways to make it safer.

LESSON FIFTEEN

WHAT CAN YESTERDAY'S CHOICES TELL US ABOUT TOMORROW?

INTRODUCTION

History Individual Americans, through their pursuit of particular incentives, have shaped the alternatives and opportunities available to others — in their own eras and for later generations. From the decisions of early Asian migrants who first populated the Americas, to those of Spanish friars, English entrepreneurs, and others, millions of choices have cumulated to create the world in which Americans now live.

This lesson focuses on five decision makers and the anticipated and unanticipated consequences of their choices. Thomas Jefferson decided to interpret the Constitution flexibly and authorized the Louisiana Purchase, thus doubling the size of the United States. John Ross argued that the Cherokee could adapt to the cultural and economic changes created by European-Americans, and his decision to resist relocation to Oklahoma set a precedent that still influences the American understanding of justice. Harriet Tubman chose to fight slavery's restrictions on African-Americans and, after escaping from bondage, risked her liberty to lead more than two hundred enslaved people to freedom. Thomas Edison decided to prove the value of ideas by developing the "invention of invention," the systematic pursuit of marketable new products. Finally, Abigail Scott Duniway connected women's lack of financial rights to their disenfranchisement and led Oregon's movement for women's suffrage.

History suggests that there are similar decision makers among us today, making choices that will shape the future in anticipated and unanticipated ways.

Economic Reasoning While individuals respond to various incentives, they choose those options that appear to provide more benefits than costs. In many cases, the benefits pertain to financial rewards (access to more resources, sustained control of profitable businesses, more control of one's labor as a resource, and so on). In other cases, the benefits pertain to other rewards (preserving an ethnic culture, maintaining a sense of integrity, experiencing creativity, and so on). Biogra-

phies are case studies that demonstrate how particular people respond to particular incentives and disincentives. As such, biographies demonstrate the variety of incentives that have motivated individual Americans to make choices in the past. Biographies also tell us about anticipated and unanticipated consequences that have resulted from the choices of their subjects.

CONTENT STANDARD

- All decisions involve opportunity costs; weighing the costs and the benefits associated with alternative choices constitutes effective economic decision making.

CONCEPTS

Incentives
Choice
Benefits and costs
Risk

OBJECTIVES

1. Analyze and organize biographical data about five American decision makers to write biographical "statements" — based on a given sample — from the perspectives of those five decision makers.
2. Compare the benefits that the decision makers anticipated with the actual consequences of their choices.
3. Recognize that because the consequences of choices lie in the future, not all consequences can be anticipated when a choice is made.

LESSON DESCRIPTION

Students work in small groups to write brief speeches. Panelists present those speeches and then respond to questions from a student audience.

TIME REQUIRED

- ♦ One to two class periods

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MATERIALS

- Visual 1 Biographical Data on Thomas Edison (1847–1931)
- Visual 2 This Just In . . . Some Unanticipated Consequences
- Activity 1 “I’m a Guy Named Tom”
- ★ Activity 2 Biographical Data on Thomas Jefferson (1743–1826)
- ★ Activity 3 Biographical Data on John Ross (1790–1866)
- ★ Activity 4 Biographical Data on Harriet Tubman (1821–1913)
- ★ Activity 5 Biographical Data on Abigail Duniway (1834–1915)

PROCEDURE

1. Explain that people choose options that they anticipate will produce more benefits than costs. There are always risks involved when choices are made because the exact consequences of a choice lie in the future.

2. Explain that biography is a form of history that focuses on particular individuals; it attempts to explain the significance of individual lives. Although biographies can simply be a form of entertainment (we enjoy reading about the lives of others), they also can be “case studies” that provide information about people’s past choices and the consequences of those choices. Such consequences may continue to have an effect on the world today. By providing information to us, biographies can provide guidance when we anticipate the possible consequences of our own actions and make our own choices.

3. Distribute Activity 1. Display Visual 1. Explain that the students will be working together in groups to write statements similar to the statement in Visual 1, based on biographical data about four other American decision makers. By referring to Activity 1 and Visual 1, demonstrate the steps that the students should take to organize their own statements. The following questions and suggestions can be used to outline the task of the students.

- (a) The “Historical and Economic Context” provides information that helps explain why Edison could anticipate certain benefits when he made a choice. What if there had been no Office of Patents? Would Edison have chosen to become an inventor if he had been unable to protect the rights to use his ideas and inventions? What if

the factory system did not exist when Edison lived? Could an inventor be successful if there were no way to reproduce an invention and sell it?

- (b) The sections on “Youth” and “Adult Years” provide important examples of choices that Edison made and the results that followed. Notice that his “statement” in Activity 1 uses the concepts of choice, incentive, benefits and costs, and risks. When you write your decision maker’s “statement,” you should use these concepts as much as possible.

4. Divide the class into four groups. Give all members of Group 1 a copy of Activity 2 (Jefferson), give all members of Group 2 a copy of Activity 3 (Ross), and so on.

5. Tell the groups to create “statements” (similar to “I’m a Guy Named Tom”) based on the data they have about their historical decision maker. Remind them to use the concepts of choice, incentives, benefits and costs, and risk. The students should be encouraged to refer to Activity 1 and Visual 1 as models.

6. When the statements are complete, ask each group to choose a member to “act the part” of its historical decision maker. The four students who are selected will form a panel. Each will read his or her statement aloud. Ask for a volunteer to play Thomas Edison at this stage.

7. After the panelists are chosen, ask them to leave the room and prepare for their presentation. Warn them that students will ask them questions after their presentation. They should be ready to respond in character. The “interview” questions should inform the panelists about some consequences of their choices (from Visual 2) that they might not have anticipated. Questions should center on how the panelists might “now” see their choices.

8. When the panelists leave, display Visual 2.

9. Ask students to use the information on Visual 2 to prepare interview questions for each panelist.

10. Provide students with examples of questions they might ask — for example:

- (a) *Jefferson*. There are now millions of people living in the “Louisiana Purchase,” and most of them live in cities. Did you anticipate that, and

LESSON FIFTEEN

how do you feel about it?

- (b) *Duniway*. There are now women who run businesses and women sitting in the Senate and on the Supreme Court. Did you think that this would happen? Is it what you wanted?
- (c) *Ross*. Didn't you realize that Andrew Jackson planned to force the Cherokee out of Georgia? Why bother trying to change your culture? Did the changes made in Georgia later help your people settle and adapt to Oklahoma?
- (d) If each of you could make the decision over again, knowing what you know now, what changes would you make in your choice?

Encourage the panelists to be creative but realistic in their answers. Encourage the audience to ask follow-up questions if they do not agree with a panelist's answer.

SAMPLE ANSWERS:

- (a) Jefferson probably did not anticipate that the United States would grow as rapidly as it did (or that world population would escalate so rapidly). He would probably be concerned about urban crowding, but given the flexibility that he showed in the Louisiana Purchase decision, he would perhaps reconsider his ideas about cities if he saw more benefits in them than costs.
- (b) Duniway may not have expected that women would be sitting on the Supreme Court by the end of the 20th century, but she probably would have been pleased to see it happen. Her concern about the legal rights of women and her interest in financial fairness for women suggest that she would be happy to see women owning property and businesses today.
- (c) Ross and his followers believed that their efforts at compromise and willingness to meet European-Americans "halfway" would

result in fair treatment from the U.S. government. In part, they were right; the Supreme Court did give Ross and the Cherokees a couple of victories. To accept Jackson's plans without protest would have set a precedent of agreeing to a loss of land and resources that Ross did not think was fair.

Ross and his followers perhaps were able to adjust to life in Oklahoma a little better because they had already worked to make choices (in Georgia) about changes in their society. The changes they faced in Oklahoma were different from those they would face in Georgia, but the Cherokee did have experience in adapting to new, difficult conditions.

- (d) Students might give a variety of plausible answers to this question. Jefferson might have decided not to buy Louisiana (because of the future urban growth), but he could also have decided to make the same choice. Encourage the students to explain the answers that they offer and ask them to refer to information (from the biographical data sheets) that supports their answers.

CLOSURE

Summarize the following points:

1. Decision makers were unable to anticipate all the consequences of their actions.
2. People respond to incentives and attempt to make choices that have greater anticipated benefits than costs.
3. The actual outcome of a choice lies in the future. It may turn out differently than a person expected. This problem creates risk and uncertainty in life, but it cannot be avoided.
4. Skillful accumulation of information and careful assessment of anticipated consequences can reduce the risk of unexpected consequences.

Visual 1

BIOGRAPHICAL DATA ON THOMAS EDISON (1847–1931)

- From its origins, the United States had an Office of Patents that gave inventors control of the rights to use or sell their ideas. A patent protects an inventor's idea because others cannot copy that idea without the permission of the patent holder (the inventor or someone who buys the patent from the inventor).
- Between 1840–1930, the United States developed a factory system that could mass-produce all kinds of things, so if someone invented an item, it could be produced and sold by the thousands.
- By the 1870s, electric power was in its early development, and people recognized that it would provide an excellent replacement for fuels like kerosene, petroleum, and coal.

LIFE EVENTS

- Edison's first big invention was a stock ticker (it used the telegraph to send changes in stock prices around the country); he sold the patent for \$40,000.
- Edison opened a laboratory in New Jersey and decided to spend a lot of time doing experiments; he knew that the work wouldn't always produce good ideas, but he had learned that one good idea would earn enough to pay for the costs of the experiments and there would still be profit remaining. His laboratory idea let him develop hundreds of inventions, several of which became world famous.
- Edison and his lab workers invented an inexpensive, effective light bulb (perhaps his most famous invention) and the phonograph (his used cylinders to record and play sounds); he contributed to movie technology; he invented an electric power station to add to the growing use of electricity as a source of power.
- By owning patents and by starting companies to sell his products, Edison made millions of dollars from his inventions.

Visual 2

THIS JUST IN . . . SOME UNANTICIPATED CONSEQUENCES

- The land acquired in the Louisiana Purchase did not stay rural and completely agricultural; today, millions of people live in the area that Jefferson bought (it includes major cities such as New Orleans, Denver, Omaha, and St. Louis).
- Owning the Louisiana Territory gave the United States an opportunity to pursue more land in the West; and through the Mexican War and Oregon Agreement in the 1840s, the United States pushed its borders close to their current locations.
- Americans of Cherokee ancestry are free today to live wherever they wish, including the Southeast. Many still live in Oklahoma, where the Cherokee tribe is well organized (some Cherokee were able to profit from oil discovered in Oklahoma decades after the "Trail of Tears").
- Modern students of American history often study Andrew Jackson's decision to ignore the Supreme Court as an example of an unjust violation of the "checks and balances" of the federal system; today, many Americans think that the Cherokee should have been able to maintain their farms and businesses in the Southeast.
- Because the end of slavery did not end discrimination based on race, African-Americans continued to push for access to all rights and privileges granted to other Americans. Today, African-Americans from Henry Louis Gates to Oprah Winfrey are well known as college professors, mayors, and congressional members, business leaders, police officers, diplomats, and entertainers.
- Harriet Tubman and Abigail Scott Duniway are now historical figures studied in high schools and colleges across the United States; the ongoing contributions of women to the American society and economy are too numerous to list (but you might want to tell Tubman and Duniway about some of your favorites!).
- Edison's light bulb is still around, but so are later versions that use less energy; the phonograph has been replaced by the cassette and compact disk players.
- Most major businesses currently employ "inventors" full-time in their research and development offices; new ideas, from computer software design to fiber-optics technology, are still protected by the patent system.

LESSON FIFTEEN

Name _____

Activity 1

"I'M A GUY NAMED TOM"

I WAS BORN IN OHIO IN 1847, AND FROM THE START I WAS really curious about how things worked. I chose to do experiments to find answers to my questions about things because I liked to have answers! As a young man, I decided to invent things and sell them. I learned that I could protect my ideas about new products by getting patents for them. The patent kept other people from using my ideas without my permission (or without paying me money for using the ideas!), so I would be able to benefit financially from my work. I could also sell the patents to other people, as I did with my first big invention, a kind of stock ticker (that's a machine that reports the changes in stock prices as they occur).

The patent system gave me a big incentive to keep inventing things. I always liked to do experiments and find answers to questions, as I already said. But the patent system meant that I could make a lot of money if I came up with ideas and products that people really liked.

You probably are familiar with a lot of my inventions. I came up with the phonograph. My

version played a cylinder, kind of a heavy solid tube. I also figured out how to make an inexpensive, long-lasting light bulb, and I had a lot to do with inventing movies. Oh, yes, and I figured out a design for electric power stations and helped start the "electrification" of the United States.

I think that my best choice was to become a permanent inventor. Lots of people see one problem and work to solve it with a product or idea. I decided that I could come up with lots of great products and ideas if I chose to spend my time doing experiments of all different kinds. So, I built a big laboratory in New Jersey and hired smart people to help me do experiments. I knew that a lot of the experiments might not work, but I figured that if just some of them worked really well I could make lots of money and more than pay for the costs of the lab. My choice paid off, because the lab experiments resulted in a lot of good products. My light bulb was a great thing to invent, but maybe my best invention was the research lab! It wouldn't be a big exaggeration to say that I invented invention.

LESSON FIFTEEN

Name _____

Activity 2

BIOGRAPHICAL DATA ON THOMAS JEFFERSON (1743–1826)

HISTORICAL AND ECONOMIC CONTEXT

- The United States formed its current system of government through adoption of the Constitution in 1789; the system includes an elected President, a bicameral Congress, as well as a Supreme Court and federal judicial branch.
- Most Americans earned their living through agriculture in the 1790s and early 1800s; many were subsistence farmers who produced most of what they needed to live.
- Cities in the 1790s and early 1800s were small (in the tens of thousands) and few in number; most of the United States was rural.
- Two political parties, the Federalists and the Republicans, were formed in the 1790s; the first two Presidents (George Washington and John Adams) were Federalists, but the third (Thomas Jefferson), was a Republican.
- By 1803, the United States consisted geographically of all land east of the Mississippi River and between Canada and Florida.

LIFE EVENTS (PERTINENT TO THE LOUISIANA PURCHASE)

Author of the Declaration of Independence and an advocate of the Bill of Rights (ten amendments added to the Constitution), Jefferson was elected President in November 1800.

As a Republican (the party would later divide and form the roots of the current Democrats and Republicans), Jefferson argued that the Constitution should limit the powers of the federal government.

Jefferson and his party strongly supported an agricultural economy, and Jefferson had strong personal beliefs about the tendency of urban life to “corrupt” many people.

In 1803, France owned the land west of the Mississippi and east of the Rocky Mountains; Napoleon, ruler of France, decided to sell this “Louisiana Territory” to the United States for about \$15 million. The United States would roughly double in size and gain much new farmland for future agricultural development. It would also eliminate the presence of a powerful country on the border of the United States (France was then one of the world’s strongest nations).

Jefferson realized that the Constitution did not authorize the purchase of land. He also knew that he had strongly advocated a strict interpretation of the Constitution’s limits on government.

Although an amendment to the Constitution would let the United States buy land, passing and ratifying such an amendment would take months and perhaps give Napoleon time to withdraw his offer.

Deciding that he could interpret the constitutional power to make treaties as covering the purchase of land from other countries, Jefferson authorized the Louisiana deal. He acknowledged that his action “stretched the Constitution,” but he argued that the new land would provide many valuable resources for the United States — including complete control of the Mississippi River, a vital source of transportation for goods and people.

LESSON FIFTEEN

Name _____

Activity 3

BIOGRAPHICAL DATA ON JOHN ROSS (1790–1866)

HISTORICAL AND ECONOMIC CONTEXT

- By the 1820s, most European-Americans were convinced that Native Americans could not be assimilated into the U.S. society and culture; tribes were pushed west by settlers and by means of organized military campaigns.
- Five tribes in the Southeast, including the Cherokee, occupied their traditional homelands and tried to cooperate with white settlers to avoid conflict and loss of their land.
- The Cherokee developed a written language, opened schools for their children, and published the *Cherokee Phoenix*, a newspaper printed in both English and Cherokee.
- In 1830, President Andrew Jackson and Congress implemented an Indian Removal Act that mandated that the Cherokee and the other four Southeastern tribes be removed from their lands and relocated to Oklahoma Territory.
- Despite two Supreme Court rulings in their favor, the Cherokee were removed (some by force) by 1838.

LIFE EVENTS

Born in Tennessee, John Ross had a father of Scottish ancestry and a mother of Cherokee ancestry.

Ross was a soldier under Andrew Jackson during the War of 1812.

Ross became principal chief of the Cherokee in 1828 and decided to fight the Indian Removal Act through the American legal system.

Ross believed that the Cherokee had demonstrated that they could successfully operate as members of American society — that they had demonstrated economic strength as farmers and cultural flexibility through their use of schools, the English language, and other European-American institutions.

Although two Supreme Court decisions undermined the legal power of the U.S. government to relocate the Cherokee, Ross could not convince Andrew Jackson to halt the relocation.

As some Cherokee decided to accept the relocation, Ross led a group of people who decided not to move voluntarily; Ross believed that the refusal would highlight the actions of the U.S. government, which he believed were unfair and illegal.

In 1837 and 1838, because Ross and his supporters would not leave the Southeast voluntarily, U.S. army troops rounded them up and forced them to march to lands west of the Mississippi River; hundreds died on the march, which came to be called the "Trail of Tears."

Some of those Cherokee who decided to leave before the Ross group did were later assassinated by Ross supporters, creating a split in the Cherokee leadership that lasted for several decades.

LESSON FIFTEEN

Name _____

Activity 4

BIOGRAPHICAL DATA ON HARRIET TUBMAN (1821–1913)

HISTORICAL AND ECONOMIC CONTEXT

- Enslaved people of African ancestry were first brought to the American colonies in 1619 (Virginia), and the enslavement of African-Americans continued until 1865.
- Enslaved people could not seek new jobs, did not receive direct compensation for their labor, could not make legal contracts (including marriage), and were denied citizenship.
- Many enslaved people found ways to protest or resist these limitations: escaping from slavery was one method of resistance.
- Escape involved high risks, since captured runaways were often tortured or even killed to “teach” others not to escape.
- In 1850, passage of the Fugitive Slave Act legally obligated the federal government to assist slave owners and slave catchers who were pursuing runaways; even runaways who reached the North were not protected from recapture.
- The Underground Railroad was a network of “safe places” and helpers (“conductors”) that provided support for runaways; “conductors” who operated in the South were usually African-American.
- Abolitionists were people fighting to end slavery in the United States.

LIFE EVENTS

One of 11 children born to Benjamin and Harriet Green Ross, Tubman was enslaved from birth and worked in the home and fields of her owner.

As she grew older, Tubman realized that her family members might be sold to faraway owners, or that the entire family might be separated if their owner died.

She “married” John Tubman (slave marriages were personal commitments not honored by law) in 1844 and tried to convince him that they both should run away to prevent being sold and separated.

John Tubman’s unwillingness to face the dangers of escape did not stop Harriet Tubman, who fled to Philadelphia in 1849.

From Philadelphia, using her income earned from domestic work, Tubman negotiated the escape of her sister and other relatives; she began to return to Maryland as an Underground Railroad “conductor,” in disguise, to assist other enslaved people in running to the North.

Maryland slave owners organized a \$40,000 reward for Tubman’s capture, increasing the danger of her missions.

Tubman continued her work until late in 1860, the eve of the Civil War; she made at least 15 trips to the South and assisted over two hundred people in their escapes, including her parents and other family members.

Tubman also spoke often at Abolitionist meetings; after the Civil War began, she served as a spy and scout for the Union military, and nurse of the Union Army.

After the Civil War, Tubman worked to provide financial relief and other kinds of assistance to all who were freed from slavery.

LESSON FIFTEEN

Name _____

Activity 5

BIOGRAPHICAL DATA ON ABIGAIL SCOTT DUNIWAY (1834–1915)

HISTORICAL AND ECONOMIC CONTEXT

- From its beginning, the United States provided privileges and rights for male citizens that were not given to female citizens; among the privileges and rights not usually given to women were the vote, property ownership rights, and custody of children in cases of divorce.
- In 1848, Elizabeth Cady Stanton and Susan B. Anthony led a convention in Seneca Falls, New York, at which the people in attendance called for equal rights and status for women and men.
- After Seneca Falls, the women's suffrage movement developed; its supporters pursued the vote for women at two levels: in individual states and territories, and at the national level for all women (through an amendment to the U.S. Constitution).
- Other women (often calling themselves feminists) pursued the legal right for women to own property in their own names and to have the same economic rights and privileges as men.

LIFE EVENTS

Raised on a farm in Illinois, the second of nine children, Abigail Scott traveled west on the Oregon Trail in 1852, when her father decided to move his family to Oregon Territory.

Abigail Scott's mother had not wanted to leave Illinois because of her poor health, and she died of cholera on the journey west.

In 1853, in Oregon, Scott married Benjamin Duniway, and they had six children in the next 16 years; the family toiled on small farms in a rugged, wooded part of Oregon.

Although Abigail Duniway worked alongside her husband, she had no legal right to influence her husband's decisions about their land; in 1862, because her husband had cosigned a bad loan, the Duniways lost their property; Abigail Duniway strongly believed that she would not have agreed to sign the loan if the laws had given her joint ownership of the farm.

Soon after, her husband was permanently disabled and Duniway had to open a boarding school to support the family; she later opened a small shop to earn additional income.

Supported by her husband, and motivated by many stories she heard about other women who had no legal right to the properties and income that they worked to earn, Duniway decided to join the women's suffrage and feminist movement.

In 1871, she moved to Portland and started a newspaper to call for equal status for women; although some laws were changed to give women more access to property and income that they had earned, Duniway continued to call for complete equality.

The Duniways lived in Idaho between 1887 and 1894; upon their return to Oregon, Abigail Duniway started a magazine to promote women's equal status.

Through her speaking, writing, and leadership, Duniway contributed strongly to Oregon's movement to get women's suffrage; in 1912, when Oregon passed a state law allowing women to vote (the national amendment that did so would not be ratified until 1920), Abigail Scott Duniway became the first woman registered to vote in the state.



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